SEPTEMBER 13, 1958

foreign trade

NADA

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MARKETS FOR CANADIAN CHRISTMAS TREES (pages 2-15)

Established in 1904

foreign trade

OTTAWA, SEPTEMBER 13, 1958 Vol. 110, No. 6

cover

Bundles of Canadian balsam fir are being loaded carefully from truck to boxcar for shipment to customers in the United States and the Caribbean. Tree growers and wholesalers in Canada will be interested in our survey of the Christmas tree markets in these two areas which begins on page two. They will find worthwhile export opportunities outlined, and some tips on tree selection and marketing.

—Courtesy J. Hofert Maritimes, Ltd.

CANADA

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Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister, JOHN H. ENGLISH, Deputy Minister.

Please forward all orders to: The Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $5.00 abroad. Single copies: 20 cents each.

Material appearing in this magazine may be freely reprinted, preferably giving credit to "Foreign Trade".

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Canada's Christmas Tree Indus

CHRISTMAS trees are fast becoming a big money-maker among Canada's minor forest industries; last year they earned over $9 million from a cut of 16.4 million trees. The trees come mainly from hundreds of small producers, many of whom look on the business only as an incidental means of making a living. Big companies have been formed to buy the trees from the farmers for extensive marketing, particularly in the United States. Other firms are being established to grow, harvest and market the trees on a large scale.

The greatest boost to the industry's growth has been its booming export business. Sales have risen from 7.4 million trees in 1949 to 12.3 million in 1957, valued at some $6.4 million. About 30 per cent of the trees usually come from Nova Scotia and 25 per cent from Quebec. The United States takes 99 per cent of our exports, and the biggest markets are in New York, New Jersey, Pennsylvania, Illinois and Texas. But other countries are beginning to buy Canadian trees, too. Shipments are now being made to Mexico, Venezuela, Panama, Puerto Rico, Jamaica and Cuba.

Balsam fir is the most popular Christmas tree in domestic and export markets because of its good needle-holding qualities and its shape, and is by far the biggest seller. This species is native to all provinces except British Columbia. It does not lend itself to plantation cultivation.

Douglas fir ranks second only to balsam fir in export sales. It is grown in British Columbia and is readily adapted to nursery planting.

White spruce is distributed naturally from coast to coast and can be easily grown. Because of its popularity in eastern Canada and the United States, large numbers are cut every year, but it does not hold its needles as well as other species.

Scots pine is rapidly gaining popularity, especially in central Canada and in the northeastern and Great Lakes states. Introduced originally from Europe, it is admirably suited to intensive nursery cultivation. For this reason it is the most commonly-used variety in all Christmas tree plantations, especially in Ontario. It has excellent needle-holding qualities.

Balsam fir and spruce are the chief species exported by Quebec and the Maritimes, Scots pine has assumed first place in Ontario, British Columbia sells mainly Douglas fir.

The largest producing provinces in 1957 were Quebec, which marketed over 4 million trees, Nova Scotia almost 4 million, British Columbia 2.8 million and New Brunswick and Ontario 2.2 million each.

Ontario was the biggest consumer followed by Quebec. Between them, they used more than all the provinces together.

Ontario growers are realizing by far the greatest return per tree, because of the widespread increase in plantation stock.

...d Its Markets

...in the United States

...Standards Established

Growers of plantation trees pushed the adoption of grading standards that came into effect last November. Canadian shippers who want to remain competitive should see that their trees measure up on basis of quality.

W. ADAIR STEWART,
Assistant Commercial Secretary, Washington.

AN official set of grading standards for Christmas trees went into effect in the United States on November 1, 1957. It is a voluntary system, which means that although fruit and vegetable inspectors are empowered to grade trees, they will do so only on the request of the shipper or receiver. Expense of the grading is charged to the person requesting it.

Out of the estimated 28.5 million Christmas trees distributed in this country each year, the number that come from specialized plantations has been growing and taking on increasing importance in comparison with the wild or "pasture" crop. During the last few years, members of this specialized segment of the industry advocated—with stronger support each year —a grading system that would provide a basis on which they could claim a price premium for their cultivated trees. Setting up of the standards last fall may be considered a triumph for these growers and their parent organization, the National Christmas Tree Growers Association.

Since 1952, fruit and vegetable inspectors have been authorized to inspect trees on terminal markets, but only to determine their condition. They simply reported on the freshness, colour of foliage and any mechanical damage. Under the new system, condition is only one consideration in a thorough inspection and the trees are graded against official standards set up for U.S. Premium, U.S. No. 1, U.S. No. 2, or Cull grades. Briefly, the quality of trees is judged on such factors as density, taper, balance, foliage and deformities.

1957 Grading on Small Scale

Only about 130 carloads of trees were graded last year. This probably represented some 130 thousand trees because an average carload might be made up of 250 bundles with four trees to a bundle. Compared with the total number of trees marketed, or even with Canadian imports alone which totalled some 12.7 million trees in 1957, the proportion of trees inspected was very small.

On the basis of last year's limited experience, it is difficult to forecast what may occur in 1958. Officials of the U.S. Department of Agriculture, who are responsible for the supervision of the Christmas-tree grading system, are confident, however, that many more inspections will be called for at terminal markets. A breakdown of inspectors' reports from last year shows that 71 terminal-market inspections were made compared with 61 inspections at shipping points. Of the terminal-market inspections, Canadian trees with 44 carloads made up the major proportion. Ten carloads from the State of Washington and nine from Michigan were inspected, two each from Pennsylvania, Montana and Maine, and one each from New York and Ohio.

The records do not show this, but it is perhaps a reasonable assumption that a large number of the inspections on the terminal markets were called for by chain-store managers and other large retailers who wished to have the quality of the trees they purchased measured against standard criteria. It is probable that gradings will be used much more for this purpose from now on.

Competition Will Increase

For shipping-point inspections, the increase is likely to be smaller because the demand for graded trees has

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not yet had the opportunity to develop on terminal markets. Shippers therefore have not yet felt much need to speak in terms of grades when they are negotiating with their market contacts. It is strongly suggested, however, both among producers and in official circles, that the extremely heavy production due to come off plantations within the next three to five years will increase market competition sharply. By that time buyers will be more selective and will demand to negotiate before shipment on the basis of graded trees. But because this market glut has not yet developed, most growers throughout the country show more interest in better cultural practices such as proper pruning and shearing and in pest control than they do in the grades themselves. The consequence of these improved practices, however, should be a larger proportion of trees that will qualify for the higher grades.

Grading on Canadian Trees

In the 1958 Christmas-tree season, shippers to the larger markets, including Canadian exporters, no doubt will find many of their customers asking for terminal inspection and grading of carload lots. Prices als may be established on the basis of these grades. A the same time, although a heavy increase in competi tion from high-quality U.S. plantation trees is expecte in the next few years, competition in the U.S. marke this year is not likely to differ greatly from last year.

Canadian Christmas tree growers are improving quality by better planting techniques. Results will be more trees like this magnificent Canadian balsam, gracing a New Orleans street.

NEW ENGLAND—*About 70 per cent of tree sold in these states are trucked in from Canada balsam is the prime favourite.*

MOST New Englanders will decorate their homes with Canadian Christmas trees this year as the supply from local sources continues to decline. Farm woodlots in Maine, New Hampshire, and Vermont used to provide enough balsam and spruce trees for the entire Boston market and for a share of the big-city trade farther south. Now the best quality trees are too thinned out to warrant large-scale cutting and prices for trees delivered at roadside have more than doubled in the past ten years. One wholesaler estimated that 70 per cent of the New England market this year will be supplied by trees from Quebec, New Brunswick and Nova Scotia.

Balsam Preferred

Balsam is by far the first preference in New England, with about 90 per cent of the demand. Spruce comes second. A few Scots pine are offered but this species is still not popular. Trees of heavy density with even whorls, five to eight feet high are the favourites but price is often the deciding factor with the customer. Offers of plantation stock are rare in this market because the Canadian and domestic supply of wild trees at suitable prices is equal to the demand.

Brought in by Truck

A few Boston wholesalers and large nursery owners visit the producing areas in Eastern Canada and contract for trees early in the fall. The wholesalers sell to service and church groups (a growing trade), big nurseries, chain stores, etc. These customers can purchase freight-car or trailer-load minimum lots. Most of the tree trade, however, is transacted on a direct basis. Producers in Quebec, New Brunswick and Nova Scotia head for Boston with one or two truckloads and bargain for a good price with likely customers—owners of service stations, used-car lots and roadside nurseries in the suburbs. If winter driving conditions are good during the December delivery period, the supply is high and prices decline. Trucks deliver all of the northern New England supply and approximately 70 per cent of the trees from Canada.

Retailers who buy from the truck must judge quality by a hasty inspection of bundles, so naturally they are in favour of standard grading rules. Graded trees, however, are not expected to be available this year because of the limited personnel for inspection duties.

In the meantime, Canadian producers are wise in considering the establishment of a grading system for trees in accordance with the regulations prescribed in the U.S. standards. Eastern Canadian Christmas trees have a big market close by in New England and sales will only decline if the supply of good trees becomes scarce. This can be avoided by a systematic planting of seedlings and regular pruning during the growing period.

—F. B. CLARK,
Consul and Trade Commissioner, Boston.

NEW YORK—*Importers here seem to prefer balsam fir, five to six feet high; large dealers contract for supplies before cutting begins.*

BALSAM fir is by far the most popular Christmas tree in this section of the country, although Scots pine from Ontario and spruce from Quebec and the Maritime Provinces also reach this market in substantial quantities. The majority of trees for the U.S. market are usually cut in late October and early November and shipped to reach their destination during the first week in December. August and September are the popular buying months for New York importers.

Sales to wholesalers in New York last year were made on the basis of $3.50 to $3.75 per bundle (four to six trees—not limited to one species) delivered to the New York metropolitan area. Trees of wild-grown stock, five to six feet high, of good colour and density and symmetrical in shape are most in demand, although small plantation trees, mostly from Minnesota, are becoming increasingly popular with New York City apartment dwellers.

The majority of Christmas tree dealers in New York hail the new grading standards established by the U.S. Government as a long-awaited boon to the trade and believe that, as a result, they will register fewer complaints with suppliers.

Marketing Methods

Tree marketing practices in this area vary with the type of dealer, importer or consumer. Some of the larger Christmas tree importers in the United States own or lease forested areas in Canada for Christmas tree production, and many large wholesalers go to Canada to visit the producing areas before the cutting season begins and to contract with middlemen on the spot for their requirements. Y.M.C.A.'s, service clubs, church groups, and similar organizations which purchase for their members usually buy from local wholesalers who can meet high-quality standards.

Who Are Importers?

Importers fall into four groups depending on whether their sales are to wholesalers exclusively, retailers exclusively, wholesalers and retailers, or retailers for export to Caribbean and Central American markets.

The majority of trees reaching the New York area from Canada are shipped by rail, although many of the smaller growers bring their supplies down to New York by truck.

—C. S. COLLINS,
Office of the Deputy Consul General (Commercial), New York.

THE SOUTH—*Demand is good and prices rising, but locally grown species are providing competition.*

THERE is no sign of the high Christmas-tree demand of recent years weakening and a firmer price trend appears to be gaining momentum with scattered early buying. Canadian exporters of Christmas trees should therefore look forward to some lucrative business when sales activity reaches its seasonal peak this fall.

Although the South's demand for Christmas trees remains brisk, market potentials vary widely from one area to another. Consumers in the Southeast have a marked preference for Canadian trees, but the Southwest depends heavily on the domestic crop and the mid-South (Arkansas, Mississippi, Louisiana) is relying more and more on locally-grown plantation stock. This relative concentration of trade is reflected in U.S. Department of Agriculture reports containing the yearly carlot unloads of Christmas trees in some of the main marketing centres:

	Carlots or Carlot Equivalent Unloaded			
	From Canada		From other sources	
	1956	1957	1956	1957
At Atlanta, Georgia	39	17	15	10
At Birmingham, Alabama	4	9	25	58
At New Orleans, Louisiana	13	6	25	30
Total	56	32	65	98

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Practically all species of evergreens are marketed but consumers prefer Douglas fir, balsam fir, black spruce, Scots pine, and eastern red cedar. There are regional preferences on size and species but the demand is to a large extent filled by varieties of fir and spruce and the most common heights are five to six and six to eight feet.

Plantation Stock

Although the bulk of trees come from natural wooded areas, interest in plantation stock has been stimulated by the realization that, because of the long growing season and plentiful rainfall, Christmas trees can be raised in the South in a much shorter time and at less cost than in other regions. Domestic producers have already tested the market with locally-grown species such as Arizona cypress and eastern red cedar and, despite stumpage prices that are higher than retail sales warrant, they are busy improving their holdings with a view to attaining higher yields.

Contracts and Deliveries

Local brokers usually initiate negotiations with growers as soon as harvest preparations get under way in the late summer. They have often established supply connections by the time the actual cutting starts in November; deliveries are made during the first two weeks of December. They expect this year's prices to be about the same or slightly higher than last year. Pushing dollar values up, they claim, are the increasing numbers of premium trees being sold to consumers willing to pay extra to ensure quality.

Long-distance shipments are made exclusively by rail and trucking accounts for interstate movements. Trees are usually sold through brokers to retail yards and purchased there by consumers. An added feature of this pattern of trading is the fact that churches, service clubs and civic organization often contract for large numbers of Canadian trees.

Growers and sellers are beginning to spruce up their business with more careful growing techniques aimed at reducing the risks inherent in the industry. They should keep in mind that only by adhering to grading procedures and standards and by emphasizing quality can they hope to increase their share of this steadily growing market.

—CLAUDE T. CHARLAND,
Vice-Consul and Acting Trade Commissioner, New Orleans.

MICHIGAN and OHIO—*Market is a lar one but Canadian suppliers sometimes criticiz for lack of consistent quality.*

MICHIGAN and Ohio together make up a $14 to $ million retail market for Christmas trees. But it still an uncertain business, with large profits or loss dependent on the whims of customers or of the weath

An Ohio State University survey discloses that in th state three out of four families buy trees, spendi $8 million for trees and greenery. They pay betwe $3 and $8 a tree, buy it at their regular grocery lot, and usually on the first visit. There is no simil survey for Michigan but a $6-$8 million estimate c be based on the figures for Detroit, where 1,100,0 families spent over $3 million on Christmas trees 1957. In both states, Scots pine is a prime favourit followed by balsam fir and red and white pine. Spru is less in demand because of its reputation for sheddin Six feet is the most popular height.

Marketing Methods

Local dealers buy in many ways from many source They range from a 100-carload-a-year wholesaler wit suppliers in Vermont, New Brunswick and Nova Scot and his own lands north of Toronto and who handl 160 thousand trees, to small truckers who bring i loads from Ontario and Northern Michigan for reta sale. The retail market is being affected by the increas ing participation in these sales by churches, Boy Scout and other philanthropic organizations. As a loc paper says, "Detroiters would prefer to buy whe the money will be used to pay off a church debt, giv aid to a hospital, or support some youth group."

Importers Want Consistent Quality

Complaints received at the Canadian Consulate an Trade Commissioner's office in Detroit all take th same form: lack of consistent quality in Canadia trees. Up to now, the market has suffered from th absence of recognized standards of quality. Buyer and sellers have differed in their estimates of what i a good tree and follow-up business has been lost. No that a voluntary grading code has been prepared b the United States Department of Agriculture, it is u to Canadian suppliers to take advantage of it to se to American buyers on a basis of quality both ca understand. Grading may be voluntary but it is gain ing in popularity in the United States. Its acceptanc appears to be the best means to expand the sale o Canadian Christmas trees in Michigan and Ohio.

—R. A. BULL,
Vice-Consul and Assistant Trade Commissioner Detroit.

MIDWEST—*Plantation trees grown in U.S. are becoming more popular, despite higher price. Canadian shippers must stress quality to retain this market.*

"THEY don't pay enough attention to the types of trees they cut." This was the comment of one large Chicago wholesaler when we asked his opinion of Canadian Christmas-tree exporters. The same sentiment was voiced by others in the trade.

Before examining the implications of this statement and discussing what might be done to improve the situation, let us put into perspective the importance of this Midwest market and examine its characteristics.

In 1957, Canada exported 12,208,129 Christmas trees to the United States. Approximately 1,044,000* of these trees were unloaded in Chicago, St. Louis, and Kansas City. These are the only Midwest cities for which the United States Department of Agriculture publishes statistics on freight car unloads of Christmas trees (see table). It would probably be conservative to say that 10 per cent of all trees exported to the U.S. are sold in this area, because truck unloads are not included in these figures. To phrase it as simply as possible—this is an important market.

Purchasing Pattern

The majority of the larger Chicago wholesalers travel to Canada before the beginning of the cutting season and select the trees they want from the woodlots. They then contract for the cutting, bundling and delivery of the trees to the railroad cars. A few Chicago wholesalers will sell trees on a 10 per cent commission but Canadian exporters should be cautious about entering into such a contract.

Wholesalers often act as buying agents for large department stores or food-store chains. They wholesale other cars through their regular melon-and-grape connections with whom they work during the season. Some wholesalers operate their own retail outlets.

A substantial volume of business is done on the Chicago Christmas Tree Team Track where sales are made directly from boxcars to small retailers. Although the Christmas Tree Track is a bewildering maze of railroad cars to the uninitiated, its importance to the Canadian Christmas tree industry is considerable. A visit to this Track illustrates the highly speculative and competitive nature of this business.

Types of Tree Preferred

Chicago buyers purchase more balsam fir than any other Canadian tree but an increasing number of Scots pine are being marketed. These are being grown on tree farms in Michigan, Wisconsin and Minnesota and shipped to Chicago by truck.

Douglas fir are being sold in Chicago by wholesalers who truck them from British Columbia and Washington. One of the largest wholesalers who previously bought 20 to 30 cars from Eastern Canada now buys on the West Coast and sorts the trees at a Montana transit point before shipping them to Chicago. He says, "I pay a little more but I get better trees."

Local buyers want a tree of medium density, tapered like a cone, with at least three well-balanced sides and with good foliage, without deformities. The buyer is not concerned about whether the tree is wild-grown or from a plantation. What he wants is a well-formed tree that he can sell at a reasonable profit. The locally grown plantation tree is gaining acceptance because it arrives at the wholesalers individually wrapped and makes a good appearance. The major obstacle to the sale of plantation trees is the relatively high cost. At present prices, they cannot replace the wild-grown stock.

US. Standards for Christmas Trees

The U.S. Department of Agriculture Standards for Christmas Trees that became effective on November 1, 1957, were not used by the Chicago trade last year as the season was too far advanced.

The Chicago Inspector of the U.S. Department of Agriculture informs us that only one firm requested the inspection of a shipment and that was solely to check the skill of its own buyers. The trade and U.S. officials expect that extensive use will be made of the standards this year, particularly in settling disputes about the proper fulfilment of contracts. It is generally conceded that the grading facilities will assist in regulating the trade.

Attitude to Canadian Supplies

As mentioned, there is some adverse comment on the quality of Canadian Christmas trees. But dealers also have a firsthand knowledge of the difficulties that

CANADIAN EXPORTS OF CHRISTMAS TREES

Total to United States	1957	1956	1955
Number	12,208,129	12,782,363	12,383,666
Dollars	6,326,706	6,085,985	5,838,728
Rail Car Unloads	**1957**	**1956**	**1955**
CHICAGO			
Canadian	406	220	382
Total	493	236	400
KANSAS CITY			
Canadian	19	13	9
Total	60	75	45
ST. LOUIS			
Canadian	155	93	115
Total	162	102	123

*Based on average of 450 bales per car with four trees to the bale.

Here a trader makes a sale directly from boxcar to retailer at Chicago's distinctive Christmas Tree Team Track market. Last year, the market received 406 carloads from Canada.

Canadian shippers face and this tends to soften the effect of the vocal criticism.

One trend that should concern Canadian shippers is the growth of U.S. plantations and the continuous search for new sources of supply in preference to the traditional pattern of purchasing from Eastern Canada.

Plantation trees are not expected to take over the major share of the market. They are too costly. However, cultivated woodlots will certainly attract more and more buyers prepared to pay a premium price and will supply a continually increasing share of the market. The wild-grown trees will probably be left with the low-priced bulk market that gives the poorest returns.

Recommendations of Chicago Wholesalers

Here are some of the recommendations received from Chicago traders who were asked their views on Canadian methods:

1. Cultivate the woodlots
2. Supervise cutting operations more closely
3. Use grades
4. Bale only merchantable trees
5. Exercise care in baling the trees to prevent damage

These are not new suggestions but they are still valid.

Each year the Chicago Trade Commissioner's Office sends out the names of Canadian Christmas tree exporters to 80 of the larger wholesalers located the eleven states covered by this office. The list Canadian exporters is compiled by the Forest Produc Division of the Department of Trade and Commer and Canadian exporters should contact the Divisio if they wish their names included.

In addition, the Chicago Office will be pleased supply the names of the major wholesalers in th area to any Canadian firm that requests them.

G. F. OSBALDESTON,
Vice-Consul and Assistant Trade Commissione Chicago.

SOUTHERN CALIFORNIA—*Some B.C trees are shipped in, but the long rail haul make competing difficult.*

SOUTHERN California draws its supplies of Christma trees mainly from the states of Washington, Orego and Montana and the province of British Columbi The trade concentrates on three species—Douglas fi silver tip and white fir. Douglas fir is preferred bu white fir, grown at about the 4,000-foot level of th California Sierras, is becoming more popular.

There are no authoritative sales statistics for Souther California but it is estimated that between one an one-and-a-half million trees are sold in this area eac Christmas. Canadian trees from British Columbi reach the market mainly by rail, but the transport fac tor makes them the marginal supplies in this regio There are no restrictions against the sale of Canadia trees in California.

The larger firms in this trade have good connection with Canada and send representatives into the cuttin areas of British Columbia to purchase their require ments. In a few cases, buyers have their own acreag in Canada from which they cut trees. The majorit of trees on the market in Southern California are wild grown but because of the generally more consisten quality, the small amounts of plantation stock availabl command premium prices. The new United State grading rules have not yet been generally accepted i this area.

The principal Los Angeles dealers sell directly t wholesalers, chain stores and retailers but they d not normally sell at retail themselves. As in othe parts of the United States, the corner-lot retailer i losing a percentage of his business to organized charit able groups such as service clubs, YMCA's and so on

—T. M. BURNS,
Consul and Trade Commissioner, Los Angeles

WASHINGTON, OREGON, IDAHO, MONTANA—*Large Christmas-tree firms in this area buy some Douglas fir from Western Canada to sell to U.S. customers.*

THE Pacific Northwest States, like other northern states, are important producers of Christmas trees and harvest more each year than they can use locally. However, because total United States demand exceeds the total U.S. harvest, the large suppliers of Christmas trees regularly import trees from Canada to meet this surplus demand. Thus, although there is not a consumer demand in the Pacific Northwest States for Christmas trees, there is a demand for trees from Western Canada on the part of Christmas-tree suppliers in the Pacific Northwest. In fact, at least two of the largest Christmas-tree firms in the United States are located in this area. These firms have Canadian branches as well.

Types of Trees Preferred

Douglas fir is the predominant Christmas tree of this region and is the main species supplied to other parts of the United States from this area and Western Canada. Silver tip or shasta fir and white fir are also popular. Alpine fir and noble fir, high-altitude trees grown in western Montana, are used mainly in Seattle stores for decorative purposes because their needles do not drop as readily as those from other trees. About 3,000 small dwarf black spruce trees from the Prince George region of British Columbia are obtained by a Seattle Christmas-tree firm each year for shipment to Oakland, California. Plantation trees are mainly Scots, red and Austrian pine and balsam and, as these are fairly new in the Pacific Northwest, they are still more or less of a novelty.

As far as we can learn, the establishment of standard grading rules has not yet become particularly important in this area. But graded trees are winning more and more acceptance, particularly in homes with picture windows where the trees are seen from both outside and inside. We were told by one supplier that he viewed the standard grading rules as a good step. In practice, there is some difficulty because seasonal workers are used in the cutting operations as the business too is seasonal. Booklets are used as a guide, however, in the cutting operations.

The trees preferred in this area are well-shaped, uniform Douglas firs with the whorls not too far apart, of considerable density. One advantage of the Douglas fir is that the trees can be baled for shipment and there are standards for this purpose. For instance, two to three-foot trees are shipped in bales of eight trees and seven to eight-foot trees are shipped in bales of three. Plantation trees are not yet in large supply but have a novelty apeal because the main varieties grown in this way are not indigenous to the West Coast.

Obtaining Supplies

The large commercial firms obtain their trees in several ways. Some are cut from company-owned land and in such areas the company may practise tree farming —pruning and thinning out of wild trees to ensure more attractive trees and cutting selectively to ensure future supplies.

In other cases, a company may purchase stumpage, without purchasing the land, from private owners, federal or state governments or Indians. In these cases, the company does not practise tree farming as contracts normally run from two to five years. The contract may, however, limit the number and size of trees that may be cut.

Sometimes a firm cuts trees on private land on a contract with an owner who does not wish to carry out cutting operations himself. In still other cases, trees are purchased from an individual who owns his own land and does his own cutting for sale on a per tree basis.

Large firms are now developing plantations and at least one in this area has plantations in British Columbia as well as in Washington, Montana and Idaho. More recently, the firm has developed nurseries and hopes to be able eventually to produce seedlings for sale as well as for its own use. As previously mentioned, the plantation trees in this area are mainly species not normally available on the West Coast.

The big firms, therefore, obtain their trees in whatever manner they can. Field men are sent out to survey areas for Christmas trees and make their offers per bale, per tree or per stumpage. This is true of their Canadian as well as their American operations.

Shipping the Trees

Shipment is normally by rail in boxcars with doors left open for air circulation. Occasionally a rush order is shipped by truck. Therefore distribution is made on the basis of relative rail-freight costs from the source of supply to the market. Trees from Vancouver Island, for instance, move by barge (in rail cars) to Vancouver and south to California by train. Trees from eastern British Columbia usually move to the midwestern and southern states. Although eastern states normally use eastern trees, some Douglas fir from British Columbia goes to South Carolina and Florida.

Trees sold by the large Christmas-tree firms go directly to retailers. The bulk of sales are to the small retailers on a consigned basis. Sales may be as small as four or five bales and the retailer pays only for the number he sells. Large firms, such as chain grocers, and

service clubs buy by the carload and one customer may take as many as 10 or 12 carloads. Since the purchaser buying by the carload pays outright for these trees, he buys at a lower price. Sales to service clubs have been increasing as these clubs find Christmas tree sales ideal for fund-raising.

As far as we know, there are no restrictions against Canadian Christmas trees in this area. In the past, shipments from Canada have had an advantage in freight rates because they were not subject to the 3 per cent transportation tax payable on United States freight shipments. With the recent removal of this 3 per cent tax, the Canadian advantage has disappeared. This change, plus the present high value of the Canadian dollar, could restrict the imports of Canadian trees. However, because the demand seems to be strong, it is probable that there will not in practice be any resultant difficulty in selling Canadian trees on the United States market. In fact, it was suggested to u that Canadians should be more aware of the incom derived from the sale of Christmas trees and tha owners should sell suitable trees before they becom too large. The large firms feel that timber-owner should also take the precaution of allowing onl experienced and reliable firms to cut on their propertie —firms that will supply bonds to ensure that cutting is properly supervised to prevent forest fires and tha a proper clean-up job is done.

Much of the Christmas-tree supply comes from priv ately-owned rather than company-owned lands an owners of these suitable timber lands should find i profitable to carry out the tree-farming practices fol lowed by the experienced companies.

—J. E. MUNRO,
Vice-Consul of Canada, Seattle

Markets in the Caribbean

MEXICO—***Canadian shippers could develop larger direct sales here by offering first-quality trees, price advantages and service.***

MEXICO is a small but growing market for Christmas trees and last year became Canada's second largest foreign customer. The custom of having a tree at Christmas is a new one here and probably originated with the large American colony. Traditionally, Christmas is the season of the Posada, a typical Mexican fiesta at which the centre of festivity is the piñata. This is an animal effigy made of papier mâché enclosing a pottery bowl which is filled with fruit and sweets. At the appointed time guests are blindfolded and given a large stick with which to swing away at the piñata until it is broken in a shower of seasonal treats.

With such a gay and colorful custom as an alternative, a widespread acceptance of Christmas trees is slow in coming. The influence of American advertising and publications is strong, however, and the custom is spreading. This has posed a difficult problem for the Mexican Government. Mexico's extensive forest reserves have been seriously reduced by centuries of careless exploitation and government authorities have imposed strict conservation measures. To protect young trees, it is forbidden to cut small evergreens at Christmas. Despite this, large numbers are bootlegged during the season. In addition, Christmas trees represent a type of unnecessary import which the Government is trying to cut down to protect foreign exchange reserves. Duties at present are 5 per cent ad valorem, plus one centavo (0.01 peso) per tree.

Figures for imports before 1956 are not available, but the 1956 and 1957 statistics indicate a trend toward an increase.

MEXICAN IMPORTS OF CHRISTMAS TREES

Year	Number	Total import Value (US$)	Imports from U.S. No.	Imports from U.S. Value (US$)
1956	60,571	68,845	58,251	66,411
1957	73,322	77,646	72,321	77,640

The United States is the largest supplier, but not to the degree indicated by Mexican statistics. Canadian figures show that Canada supplies more than a quarter of the total imports.

MEXICAN IMPORTS OF CANADIAN CHRISTMAS TREES

Year	Mexican Statistics No.	Mexican Statistics Value (US$)	Canadian Statistics No.	Canadian Statistics Value (Can.$)
1956	2,500	2,431	18,226	13,092
1957	nil	nil	20,313	12,240

These are piñatas—papier maché figures covering jars filled with Mexican Christmas sweets. Though piñatas have been traditional Christmas symbols in Mexico, the use of trees is growing; Mexico is now Canada's second largest foreign market.

Sold through U.S. Brokers

This statistical difference is due to the fact that most Canadian trees reach this market through U.S. brokers; the Mexican figures do not show the country of origin. This fact should be important to Canadian shippers because it indicates that Canadian trees are being sold in the Mexican market indirectly. It is also significant that the average export value per Canadian tree is about 60 cents but the import price on trees listed as coming from the United States is about $1.07, a rise of almost 75 per cent. Because purchases are generally made without personal visits by either buyers or sellers, it should be possible for Canadian shippers to obtain a larger share of direct business with Mexico.

Shipment is generally by rail but there are facilities for Canadian exporters to make direct truck shipments from Central Canada to the Mexican border. Local distribution is through department stores, public markets and temporary street-side lots. Although sales are generally by private firms, the Commercial Division of this Embassy recently received an inquiry from a large service club which plans to sponsor Christmas tree sales as a fund-raising activity and is seeking reliable Canadian suppliers.

Best Opportunities

If Canadian shippers want to increase their direct business with Mexico they must be prepared to sell only selected first-quality trees because of high shipping costs. They must also be able to offer price advantages and service to compensate Mexican buyers for the loss of the convenience of dealing with known U.S. suppliers. Interested Canadian exporters should contact the Commercial Division of the Canadian Embassy in Mexico for further information on buyers and market conditions.

—A. A. LOMAS,
Assistant Commercial Secretary, Mexico, D.F.

PANAMA—***Customers for the larger trees are mainly U.S. citizens living in Canal Zone; care in shipping and prompt delivery are both important selling factors.***

PANAMA represents approximately a $30,000 market for imported Christmas trees. Until last year this market was supplied solely by the United States but in 1957 Canada contributed 20 per cent of imports. The demand for trees stems mainly from Americans residing in the Canal Zone; however, there is a growing market in the Republic of Panama among service organizations, retailers and—for the small, cheaper trees—among residents of the Republic.

Spruce and Douglas fir are the most popular varieties. Trees of good density, dark green, and cone-shaped are preferred. No prices are available at the time of writing this report, but we understand that customers prefer to pay extra for a good tree rather than purchase a skimpy one at a low price. There is no importance attached to the source of the trees; they can be either plantation or wild-grown stock.

Because of the relatively small size of the Panama market, trade is normally carried on through an agent representing a foreign export house. The agent in turn sells to a wholesaler and the latter sells to retailers or large buyers according to their needs.

Careful Shipping Important

Prompt delivery of trees, ensuring their arrival in Panama from the 15th to the 18th of December, is extremely important. Christmas trees dry out very quickly in the tropics so it is advisable, when possible, to ship on vessels with refrigeration facilities. This is particularly true of shipments going forward from Canada because the transit time averages from two to three weeks.

Care in shipping cannot be over-stressed. Last year a shipment from Canada arrived in poor condition with many of the trees unfit for sale. Had the trees landed in good condition, Canada would have been in a position to supply most of the market this year because Canadian prices were slightly lower than most U.S. quotations.

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There is no restriction imposed on Canadian supplies. All trees entering Panama are subject to a 30 per cent ad valorem duty, based on the F.O.B. port of shipment value.

Tips to Suppliers

Canadians interested in supplying Christmas trees to the Panama market should keep in mind that:

1. Trees should be in Panama between the 15th and 18th of December or, if specified, earlier.

2. The trees should be dense, conical, dark green in colour.

3. The butt should be kept at a minimum—about eight inches.

4. The fastest selling sizes are from five to eight feet tall. The poorer classes, however, purchase sizable quantities of the three to four-foot lengths.

5. Prompt delivery in vessels capable of delivering the trees with a minimum of deterioration is important.

6. Obtain the services of a good agent. Recommendations can be obtained by writing to the Canadian Government Trade Commissioner, P.O. Box 400, Guatemala City, C.A. (Correspondence should be sent airmail.)

—R. M. DAWSON,
Assistant Trade Commissioner, Guatemala City.

CUBA—*Main problem for Canadian suppliers to this growing market is trade's fear that trees will not stay fresh. Good prices might overcome this obstacle.*

THE custom of setting up and decorating trees for the Christmas festivities is a fairly recent one among Cubans. Its growing popularity probably can be attributed to the contact made with this custom in the United States by the throngs of Cubans who have been vacationing there since the end of the war. The use of imported Christmas trees should increase substantially in the years to come, unless landed costs go up sharply as a result of the current revision of the Cuban tariff. At the moment trees from Canada and the United States enter duty-free.

Proximity and long trading ties have entrenched American products in this rich dollar country and the United States enjoys a virtual monopoly of the Christmas-tree market. Canadian participation so far has been limited to between 5 and 10 per cent of total consumption, partly because of the trade's prejudice against early imports of Canadian trees which they fear will n stand up as well or as long as the American variet This explains why imports from Canada are time to arrive well into the middle of rather than early i December. Shipments must arrive not later tha December 3 for clearance through Customs before th 5th. Sales are made from the 5th through the 23r and not a single tree can be sold beyond that date.

Types Preferred

The trade requires a tree with foliage as dense an shape as conical as possible. The preferred colour the dark green of the Douglas fir, which is the tre most in demand in this market. Buyers seem to mak no distinction between plantation and wild-grown stock Importers insist, however, that the trees stay as fres and full as possible from early December throug January 6.

The bulk of the trade is in the five to eight-foot siz and the trend is towards trees of seven to eight fee high as a maximum because of the limitations impose by the low ceilings in modern apartments and in olde houses adapted for air conditioning. Individual colou tags attached to the trees identify sizes at a glanc while the bundles are still tied. The trees are bundle as follows: two to three feet—eight trees to the bundl three to four feet—in sixes; five to six feet—in four seven to eight feet—in threes; nine to ten feet—in two and 12 feet and over in individual bundles.

Selling Methods

Better than half the market is sold on consignment exporters quote F.O.B. New Orleans or West Palm Beach and the importers defray freight charges t Havana, import and customs clearance charges, an transportation to warehouse. The remainder of th trade is transacted on a firm basis with price induce ments offered. The consignment business require sellers to visit Cuba during August and September t book orders, so that these are ready to process b the middle of October. They must visit again earl in January to collect; no charge is made for unsol trees. Firm sales are conducted by resident agent

This latter method of sale takes care of imports fo resale to the stands which the Government authorize to operate off sidewalks throughout December. Gener ally speaking, the bulk of the retail trade in Christma trees is conducted by department, toy, sporting good and similar stores from their own establishment Orders are rarely, if ever, placed by private organiza tions or clubs for resale to members.

Future Prospects

Figures for 1956, the latest "normal" year on record show that 11,618 bundles were shipped to Cuba fro the United States via car ferry through New Orlean

and West Palm Beach. Five hundred bundles came from Canada, via Miami or New York. It is too early to assess the size of this year's market in view of the sharp decline in imports last December (less than half of 1956) as a result of political tensions which unfortunately still persist.

Barring a recurrence of the unpredictable circumstances which upset consumption estimates last December, Cuba will be an interesting potential market for Canadian Christmas trees if: (1) landed costs, which have increased substantially over the years, are not drastically increased as a result of the tariff revision; (2) Canadian trees prove they can stay fresh and full for as long a period as the United States variety; and (3) Canadians can quote prices sufficiently attractive to the buyers.

—N. LORENZO,
Office of the Commercial Secretary, Havana.

PUERTO RICO—*Balsam fir from Canada supplies most of the small demand.*

PUERTO RICO offers a small market for Christmas trees. During the 1957 season 24,067 trees valued at $13,444 were brought in, compared with 27,921 trees valued at $14,728 in 1956 and 29,898 worth $12,587 in 1955. According to our sources, all of these were imported from Canada. The balsam fir, locally referred to as Nova Scotia balsam, is the species in greatest demand. These trees are imported in bundles of one to eight trees each in the table size and in the regular sizes, three to twelve feet high. The branches should be evenly arranged in pyramid form.

Buying Methods

Importers place orders with their New York connections or direct with suppliers. One large importer for the past four years has received trees from the same Canadian supplier through his New York agent. Importers in turn sell to various retail outlets.

There are no customs duties or import or exchange control regulations on Christmas trees going into Puerto Rico. However, shipments must be accompanied by an inspection certificate and commercial invoices specifying the number of bundles, the number of trees in each bundle, and the total number of trees in the shipment.

—W. B. McCULLOUGH,
Commercial Counsellor, Buenos Aires.

JAMAICA—*Canada holds about 75 per cent of the 10,000-tree market in this tropical island.*

DESPITE an abundance of beautiful tropical foliage in this land of perpetual summer, coniferous trees from colder climes add something different to Jamaican homes at Christmas and are much sought after by many families. During the festive season, "We have a Canadian tree," is uttered with pride by a large number of children whose only association with snow and ice is with the artificial type on the Christmas tree.

In 1957 approximately 10,000 trees were imported into Jamaica; about 75 per cent of these came from Canada and 25 per cent from the United States. (Imports from the United States are often trees of Canadian origin.) In addition to commercial imports, a number of Canadian firms send quantities of trees to their Jamaican agents for free distribution to their customers.

What Customers Want

Trees of from six to eight feet, fir or spruce, conical in shape with thick, evenly distributed branches starting six or eight inches from the butt are preferred. A limited number of trees twelve to fifteen feet in length are imported for use in hotels, restaurants, etc.

Importers buy through correspondence with exporting firms and sell a number of trees to the larger retail outlets. However, the bulk is sold from stands erected, by arrangement with the proprietors, in front of department and grocery stores. Jamaica's only service club, which is affiliated with the YMCA, imports its own trees and the sale has become one of the club's main sources of revenue.

Special dollar allocations are not granted for Christmas trees, but some importers use dollars allocated to them through Jamaica's special dollar program.

Canadian Christmas trees last longer in Jamaica than they do in Canadian homes. Houses here are not heated and the humid climate prevents rapid drying of the tree.

Because of an annual shortage of imported trees, many families have to be content with locally grown willows and lignum vitae branches, but snow and icicles look out of place on tropical foliage and the demand for Christmas trees from abroad will no doubt increase.

—M. S. STRONG,
Acting Trade Commissioner, Kingston.

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—Courtesy J. Hofert Maritimes, Ltd.

Christmas tree plantations, like this one at Penetang, Ontario, have helped raise the profit per tree higher in this province than anywhere else in Canad The trees shown in the picture are Scots pine, a variety which thrives under nursery conditions. It is the species most used in all plantations, especially in Ontario.

BRITISH EASTERN CARIBBEAN—

Very small market does not warrant efforts to develop sales because of low purchasing power, exchange controls, and delivery difficulties.

THERE is only a very small demand for Christmas trees in the British Eastern Caribbean and much of this is satisfied by gifts from foreign firms to their customers. This is the only way in which Christmas trees are imported into British Guiana and it accounts for most of the imports into Barbados and the Windward and Leeward Islands. In Trinidad, where there is a somewhat higher standard of living, about 75 per cent of the imports are for sale. Although import statistics are not available, it is estimated that annual imports for sale in Trinidad reach about 4,000 trees, and it is unlikely that sales in all the other territories combined exceed half of this amount.

This situation is the result of the low purchasing power of the great majority of people in the area, for whom Christmas trees are a luxury beyond their means. Many of these people use artificial trees which can be kept from year to year. Irrespective of this, however, sales are limited by the exchange control regulations. Special dollar allocations will not be granted for Christmas trees locally because they are clearly non-essential. Most of the trees imported for sale come from Canada and the local merchants must use their own small dollar allocations for this purpose.

In these circumstances it is not surprising that importers, usually retail grocers, have no particular preferences on species or type; they simply order "Christmas trees" without going into detail. Medium-sized trees, from six to eight feet high, are most popular.

Apart from the exchange control regulations whic call for an import licence for goods from hard currenc sources, there are no restrictions on Canadian tree One of the difficulties facing exporters is that shi ments must arrive at the proper time. If they com too early, the trees deteriorate rapidly in this climat In trying to avoid this, they may well arrive too lat In general, delivery should be made between Decembe 16 and 20 or not at all.

In summary, this area does not offer a significant ma ket for Christmas trees and efforts by Canadia exporters to develop it through trade promotion ar not warranted because of the exchange control situa tion and the difficulties of delivery.

P. T. EASTHAM,
Assistant Commercial Secretary, Port-of-Spai

VENEZUELA—*Well-off Venezuelans and large foreign colony make for a brisk trade i Christmas trees—but Canada's share is still smal*

EACH year about mid-December a Canadian in Cara cas, passing many of the city's vacant lots and stree corners where the Christmas trees are set out for sale has only to close his eyes, forget the heat, and take deep sniff to be miraculously transported back t Canada.

Actually, few of the trees come from Canada. Las year, ten countries sent to Venezuela trees valued a approximately $85,000. The heaviest shipper was th

United States, followed by Germany and Japan. Canadian statistics show Venezuelan sales of only $1,260 but this figure could be raised. Venezuela is not a difficult market. The over-riding consideration in selling trees is timing. There is no demand until the first week in December but on December 26 a Christmas tree is like yesterday's newspaper.

Usually the Venezuelan buyer does not select his tree by species; in fact, all Christmas trees are collectively called "pinos". But size, colour and shape are important. Like North American buyers, people here prefer a dark-green tree about ceiling height, well-shaped and bushy.

Important Procedure

The trees may be imported directly from growers by the larger retail outlets who intend to handle trees, or imported by agents of Canadian firms and distributed to other dealers and to the man who is going to occupy a street-corner for the season.

The importer must obtain a licence. Usually these are readily available from the Venezuelan Ministry of Agriculture. The Canadian Department of Agriculture can issue a health certificate acceptable to the Venezuelan authorities. Christmas trees are dutiable under Tariff Item No. 397 (A), which carries a duty of Bs.0.50 per gross kilogram.

Most shippers are familiar with the baling of trees for export. The accepted method seems to be to lash trees nine feet tall in bundles of two, those between seven and eight feet in bundles of three, five to six feet in bundles of four, and three to four feet in bundles of six. The best lashing is a good stout cord binding the trees about every 16 inches of their length. They should be lashed quite tightly and no main branches should protrude.

Prices Are High

Because of the great difference in income, only a fairly small percentage of the population buys Christmas trees, but within this percentage (which includes a large and prosperous foreign community) the demand is brisk.

When the trees are first offered, price tags are high, up to Bs.100 (about $33 Canadian) for a top-notch tree. However, few are sold at these prices and as Christmas approaches the price settles somewhere about Bs.30 to Bs.50 (approximately $10 to $16 Canadian). It all depends on supply. Last year prices dipped exceptionally low just before Christmas. The one-shot nature of Christmas-tree deals appeals particularly to the smaller entrepreneur who sees a chance to make a profit with little investment. The result in recent years has been losses which the smaller operators can ill afford.

Prices vary from year to year, but those of recent years may serve to show the general level. Small trees two to three feet high have been offered at $.50 F.O.B. U.S. Atlantic port. The popular sizes, seven to eight and eight to nine feet, have been $1.35 and $2.00. On a "per bundle" basis prices approximated $4.67 F.O.B.

A good many Canadian suppliers have no permanent representatives in this market and they will probably be interested in selling directly to dealers. In the Caracas office we are beginning a survey of outlets that have in the past dealt successfully in trees. We shall be pleased to suggest contacts to any growers wishing to penetrate the market.

WILLIAM BRETT,
Assistant Commercial Secretary, Caracas.

Help for the Business Traveller

The businessman travelling abroad will often find that Canadian Trade Commissioners can do much to make his trip pleasant and profitable—provided that they have advance notice of the date of the visitor's arrival, his main interests, and his itinerary. Too often, Canadian businessmen fail to take full advantage of a Trade Commissioner's help by dropping in on him without warning.

If you are travelling abroad on business and think the Trade Commissioner might assist you, you should give early notice of your trip to the Trade Commissioner Service of the Department of Trade and Commerce in Ottawa. Give the Service your itinerary and say whether you would like the Trade Commissioners in the countries you will visit to collect information in advance of your arrival, to arrange appointments, or to assist in other ways. If you prefer, you may write directly to these officers at their posts asking for their co-operation. If you are planning to initiate new business, it may be helpful to forward samples and descriptions of your products so that the Trade Commissioner will have a chance to make a market survey beforehand.

Index to *Foreign Trade*

The index to Volume 109 (January-June 1958) of "Foreign Trade" is now ready. If you would like a copy, write to the Editor, "Foreign Trade", Department of Trade and Commerce, Ottawa.

how New England buys FISH

Growing demand for fish in the New England marke promises well for both domestic and foreign supplier Here are some suggestions for Canadians who wan to sell in this area.

F. B. CLARK, *Consul and Trade Commissioner, Boston.*

BOSTON is often called the marketing headquarters of the United States fisheries and there are impressive facts and figures to support this claim. When the Yankee clipper ships braved the offshore waters of the Atlantic Ocean in colonial days, the New England fisheries were established as an important commercial enterprise in the United States. Because of its proximity to one of the world's most productive fishing banks, New England became the principal supplier of fish for human consumption and industrial use in the United States. Although landings have levelled off in recent years, Boston still claims the title of a leader in the fishing trade because most imports for sale throughout the country are bought and processed here.

Regional Production

In order of importance, based on both quantity and value, about 95 per cent of the commercial fishing operations in New England are carried on from ports in Massachusetts, Maine and Rhode Island. Over 50 per cent of the fish landings at Maine ports by volume are herring, followed by ocean perch and whiting. Maine also contributes most of the New England lobster catch.

Rhode Island landings are primarily menhaden, an oily fish of the herring family used for fish oil, meal and solubles. Scup, a tasty pan fish, is a Rhode Island specialty with an annual average catch of five million pounds.

In Massachusetts, most of the whiting and ocean perch hauls are directed to the port of Gloucester for sale to local processors. Boston receives the big share of cod and haddock, and farther south, New Bedford, with 20 per cent of the total state receipts, handles most of the flounder caught and is the main port for the scallop fleet.

A unique feature of the Boston fishing scene is the famous old million-dollar fish pier, where many of the fish processors, importers, and brokers are located. The Fishing Exchange, situated on the pier, handle cargoes of fish on an auction basis. Although it deal with a very different commodity, it is similar in opera tion to a stock exchange. During 1957, 135.6 millio pounds of fish worth $11.2 million were sold throug the Exchange.

1957 Landings Down

Provisional statistics for the New England States i 1957 show a decline of about 2 per cent in fish lande compared with the record catch of over one billio pounds in 1956. Smaller menhaden and haddoc landings were mainly responsible for this decrease The menhaden catch was slightly better than half o the 78 million pounds recorded for 1956.

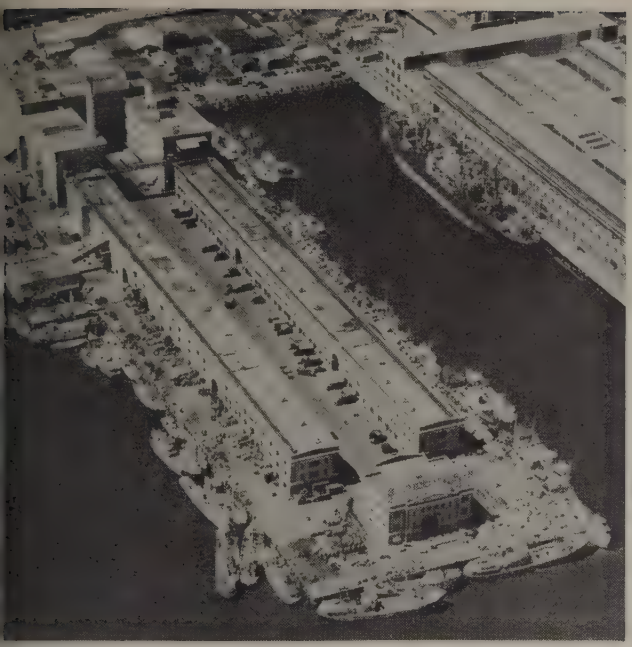
Haddock, one of the favourite groundfish species fo fillets, was 35 million pounds less than the 1956 tota of 152 million pounds. Among the other species tha were caught in smaller quantities in 1957 were cod hake, pollock and clams.

Landings of industrial fish (other than menhaden showed the largest increase in 1957. These fish, usefu for bait, animal food and reduction, recorded a 28 pe cent gain over 1956, an increase of 70 million pounds Whiting returned to the New England shores as vessel unloaded 25 million pounds more than the 1956 hau of 90 million pounds. There were modest increase in the catch of herring, lobster, flounder and scallops

Production Remedies

To meet the growing demand of the domestic marke New England fishermen have gradually extended thei fishing area. Boats that were used for daily trips mus now be replaced by vessels with modern gear an navigation equipment. Until most of the fleet meet these requirements, fish production, especially of th desired groundfish species, is not expected to improve

To solve this problem and others that affect the fishin trade, the Government is extending its assistance. A



Last year at the Boston Fish Pier, $11.2 million worth of fish were handled through the Fishing Exchange. The Exchange building can be seen in the foreground at the end of the pier.

federal loan fund has been established to finance vessels and gear. The Bureau of Commercial Fisheries carries out explorations to locate new fisheries resources, and officials of this organization are testing various methods of fish storage and freezing for the ship-to-shore haul. The Bureau is also working on the cost of insuring the vessel and the crew against personal injury; this is estimated to take 15 per cent of the fishermen's dollar.

In Boston and other New England fishing ports, modern handling and processing equipment is gradually being installed. New plants to convert inedible fish into animal foods and fertilizer encourage the fishermen to catch these species when others are scarce.

Imports Needed

The Canadian Atlantic Provinces are by far the principal foreign supplier to the New England market; in 1957 they shipped 4 per cent more fish products to New England than in 1956. Cod, haddock and perch, lobsters and fishmeal were the leaders, although fishmeal exports tumbled 10 per cent because of increased production in New England.

The New England fish-stick industry continued to rely on Canada as the main supplier of groundfish blocks and slabs. Regular orders were also being received from Scandinavian suppliers. Imports from Canada of ocean perch, haddock, hake and pollock were down slightly in 1957. There was no significant alteration of imports from Canada of fresh and frozen lobsters; in fact, the demand exceeded the quantity offered in this market.

Distribution Channels

A certain share of the imports from Eastern Canada consists of orders placed by New England fishing corporations with their Canadian affiliates. A number of the big fish-packing companies in this area purchased packing plants and contracted fishing fleets on the Canadian side to assure a steady supply for their processing plants in New England. Some of these companies have the finances and facilities to follow the fish from boat to final buyer; their own organization attends to the distribution and sales promotion of well-advertised fish brands.

If a Canadian fishing company prefers to sell direct to a single account, there are a number of independent importers located along the Boston Fish Pier who are anxious to consider offers from new suppliers. These firms can arrange cold storage facilities to take care of heavy supply periods. The importer accounts for all sales and reports cold-storage holdings on a prearranged periodic basis.

Most of the fish brokers who handle imports are located in Boston. These small firms sell on commission to institutions, supermarkets, the corner stores, and the few remaining fish markets. Sales arrangements with foreign suppliers are non-exclusive and the sales territory contracted is governed by the supply. Most of the Boston brokers can provide national coverage if required.

Choosing a fish broker on the basis of experience and activity is considered a wise approach to sales in this market. A strong and steady New England demand for shellfish and groundfish fillets is usually enough to take care of the supply offered. Should production increase beyond the capacity of this regional market, the Boston broker has a densely populated area to canvass farther south along the Atlantic seaboard. Customers like to have a local representative on call to handle claims, expedite deliveries and check on retail displays. Supermarket space is scarce, particularly refrigerated space, and after a broker succeeds in placing his line, regular calls are helpful to ensure that the products remain within reach and view of the shopper.

Sales Suggestions

The United States is an enormous market for any food product that appeals to the consumer but it is wise for the exporter to enter it progressively, one region at a time. Then supply and demand can remain in balance. A huge advertising budget should not be necessary to sell a quality fish product but attractive

packaging is important. Supermarkets are by far the principal outlets for fish fillets and shellfish, and colorful containers greatly influence the housewife's selection.

Although New England fish production is expected to improve with the fleet modernization program, the growing local and national market will still need the present flow of imports and possibly more. The food value and easy preparation of fish are becoming better known through advertising and public relations programs sponsored by government and trade organizations. Canada can maintain her present favourable sales position and even increase exports for certain species with a rise in supply. Thanks to the expanding demand, sales prospects for both domestic and foreign suppliers are promising.

Trade Commissioners on Tour

The following officers of the Trade Commissioner Service are on tour in Canada. Their itineraries are:

H. E. CAMPBELL, Trade Commissioner in Kingston, Jamaica:

Ottawa—Sept. 15-19
Montreal—Sept. 22-30
Maritimes—Oct. 1-10
Toronto, Southwestern Ont., Oct. 13-24

When he completes his tour Mr. Campbell will return to his post in Kingston, Jamaica.

M. P. CARSON, Trade Commissioner in Singapore:

Saint John—Sept. 16
Moncton—Sept. 17
Halifax—Sept. 18

T. F. HARRIS, Trade Commissioner in Bombay, India:

Toronto—Sept. 10-17
St. Catharines, Welland—Sept. 18
Hamilton—Sept. 19
Winnipeg—Sept. 22-23
Calgary—Sept. 24-25
Vancouver—Sept. 26-Oct. 3

E. H. MAGUIRE, Consul in Hamburg, West Germany:

Vancouver—Sept. 11-22
Kelowna—Sept. 23.
Winnipeg—Sept. 24-26

M. J. VECHSLER, Consul and Trade Commissioner in Detroit:

Saint John, Fredericton—Sept. 15-16
Halifax—Sept. 17
Moncton, Charlottetown—Sept. 18-19
Toronto—Sept. 22-24
Hamilton—Sept. 25

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development

Tours of Territory

W. G. BRETT, Assistant Commercial Secretary in Caracas, Venezuela, will visit the Andes region including Merida and San Cristobal, early in September.

W. J. COLLETT, Acting Trade Commissioner in Bombay, India, will visit Vishakapatnam from October 5 to 7, Bhubvaneswar and Cuttack, October 7-9 Calcutta, October 9-20, and Patna, October 21-24

J. MACNAUGHT, Acting Commercial Secretary in Wellington, New Zealand, will visit Christchurch from September 29-October 3.

R. D. SIRRS, Assistant Commercial Secretary in Caracas, Venezuela, will visit Maracaibo, Ciudad Bolivar, Puerto Ordaz, Caroni, and the mining district of eastern Venezuela during October.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Brett and Mr. Sirrs at Caracas, Mr. Collett at Bombay, Mr. MacNaught at Wellington, and Mr. Nelson at New Delhi.

Commodity Notes

Aircraft

BRAZIL—The *Friendship* turbo-prop aircraft produced by the Netherlands Fokker works was demonstrated here recently. The plane is regarded as an admirable complement, for medium-distance flights, to the long-distance *Viscount*. Brazilian airlines are showing keen interest and Fokker has received inquiries for sales of 40 aircraft—São Paulo.

Aluminum

ANGOLA—A large French aluminum producer has signed an agreement with Portuguese interests to build an aluminum plant in Angola. It is expected that the plant, which will obtain its electrical power from a generating station to be established on the Moyen Cuanza, will eventually produce 50,000 tons a year. The engineering services and supplies for these installations will be provided mainly by the French company—Léopoldville.

Asbestos

AUSTRALIA—Australia is heavily dependent on imports of the chrysolite and amosite types of asbestos, though there is considerable scope for domestic development of the former if a good quality product can be attained economically. A substantial amount of another variety, crocidolite, is available for export from Western Australia and a new treatment plant has recently been opened at Wittenoom which will boost production from 13,000 to 25,000 tons. This blue asbestos is a small but important dollar-earner and one well-known United States manufacturer has contracted for $7 million worth in the next few years —Melbourne.

Fish

UNITED STATES—The market for Canadian fish of all species has become firm in recent months in Michigan and Ohio. Customers have allowed their stocks to run down because of the business recession. Now, supplies on hand are low, and catches are lower than anticipated. But demand is continuing, and the result is increases in wholesale prices of up to 15-20 per cent a pound. In spite of these price increases demand, in the early part of August, continued to exceed supply —Detroit.

Loader

AUSTRALIA—A four-wheel-drive loader called the Scoopmobile is to be made by Moore Road Machinery (Aust.) Pty. Ltd., Port Melbourne, under licence from Mixermobile Manufacturing Inc., U.S. It is said to be the only loader in the world with four-wheel drive, four-wheel power steering and four-wheel traction under all conditions—Melbourne.

Locomotives

ARGENTINA—The *Buenos Aires Herald* of July 18, 1958, reports that the Argentine National Railways will spend the equivalent of $30 million in Italy over the next six years for 280 diesel electric locomotives —Buenos Aires.

Manganese Ore

INDIA—India produced 1.6 million tons of manganese ore during 1957, according to the Indian Bureau of Mines. This represents a 7 per cent decrease from 1956—Bombay.

Motor Vehicles

BRAZIL—The International Finance Corporation, in conjunction with American Overseas Finance Co. and Chase International Investment Corp., has announced a US$3.5 million financing program for Willys-Overland do Brasil. The company is to expand facilities for making jeeps and rural vehicles, and produce 20,000 passenger cars a year by 1961—São Paulo.

Peanuts

AUSTRALIA—The 1958 peanut crop has been estimated by the Division of Marketing at some 30 million lb. of nuts in shell, compared with 19 million lb. in 1957. An estimated 30,000 acres were sown, 5,000 acres more than last year, and the yield per acre rose by about 30 per cent. Red Spanish

accounted for the largest acreage increase in southern and central Queensland; in northern Queensland it was Virginia Bunch—Sydney.

Petroleum

AUSTRALIA—Australian-refined oil products have won new markets in New Zealand, Singapore, India, Ceylon, the Australian territories, the Philippines and Spain. New Zealand was Australia's best customer in 1956-57, importing more than 92 million gallons of refined oil products, 22 million gallons of aviation gasoline, and 66 million gallons of diesel and fuel oil. Total exports during the period were worth £8.2 million—Sydney.

SOUTH AFRICA—The South African Natural Oil Exploration Company Limited has been formed to explore for oil in South Africa, although there is no firm evidence that it exists in economic quantities in the Union. The company intends to start seismographic investigations shortly and drilling equipment will be purchased as soon as the company has been floated. A spokesman for the company states that South Africa is in the favourable "oil reservoir" class and it is expected to be found at a depth of 10,000 to 12,000 feet over an area of 70,000 square miles. Samples from oil seepages discovered in Natal and the Orange Free State have been tested in the United States, with favourable results—Johannesburg.

Pulp and Paper

AUSTRALIA—Australian Paper Manufacturers Ltd. will investigate the possibility of establishing a pulpwood industry in southern Tasmania. A large paper machine which A.P.M. is to install at its Botany (N.S.W.) mill in 1961 will use eucalyptus pulps, and the Tasmanian site is one of a number of possible Australian sources.

The annual output of paper at Associated Pulp and Paper Mills Ltd. at Burnie, Tasmania, has been boosted 6,000 tons by installing another paper machine. This is the ninth one at Burnie and it will make writing and printing papers. The mill also has a new paper-maturing plant which will be used to improve paper quality—Melbourne.

Soluble Coffee

BRAZIL—A new firm, Café Soluvel do Brasil S.A., has recently been formed with a capital of Cr.$200 million; Standard Brands do Brasil participates with 40 per cent and the remaining 60 per cent is in the hands of Brazilian businessmen. The new plant will be installed in Campinas and it is anticipated that consumption will be in the neighbourhood four hundred thousand bags of coffee during the fi year—São Paulo.

Sugar Factory

NETHERLANDS—A combine of the two leadi Netherlands engineering works has received an ord from the Pakistan Industrial Development Corpor tion, Karachi, for two complete cane-sugar factorie each with a daily capacity of 1,500 tons and faciliti for expansion to 2,000 tons. The juice will clarified by carbonation. The plant will handle th complete manufacturing process from the arrival the cane to the delivery of sugar in bags. Th Dutch firms will also supply boilers and turbo generators—The Hague.

Tankers

BRAZIL—Lloyd Brasileiro is studying with th Japanese Shipbuilders Association the purchase five tankers of 10,000 tons each, drawing less tha 7.30 metres, and 20 cargo ships of between 3,500 an 4,000 tons drawing less than 5.18 metres. All are t be diesel-powered and must be of postwar construc tion—São Paulo.

Tar Products

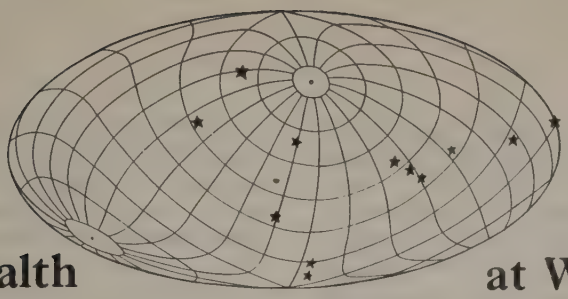
AUSTRALIA—A new plant to convert coal tar fro gasworks into corrosion-preventive materials ha been opened by Tar Products Pty. Ltd. at Brompto South Australia. The range of by-products wi include tar oils and creosotes. The plant will be th first in Australia to make a fully-plasticised ta enamel used to prevent corrosion in undergroun piping; up to now the enamel has been importe The South Australian plant will also supply marke in Victoria and Western Australia—Melbourne.

Trucks

BRAZIL—The first *Scania-Vabis* truck built in Sã Paulo by the Brazilian firm Vemag S.A. has left th assembly line; the vehicle has a carrying capacity 8,450 kilos. The factory is expected to produce 3 of them in 1958, 540 in 1959 and 720 in 1960—Sã Paulo.

Wine

PORTUGAL—Shipments of port wine, an importa item in Portuguese export trade, fell sharply in th first five months of 1958 compared with the sam period last year. Sales in the first five months of 19 totalled 2.25 million imperial gallons compared wit 2.85 million in 1957, and the value dropped fro $4.98 million to $4.23 million—Lisbon.



Relaxations in Licensing Arrangements in the Commonwealth

Sterling countries in the Commonwealth still apply some discriminatory restrictions but have steadily reduced them during the last few years. Now a large proportion of Canadian exports to these countries is unrestricted.

International Trade Relations Branch.

IN the postwar period sterling countries together with many other countries, have encountered imbalances in their international financial payments and have imposed import restrictions in order to protect their foreign exchange positions. However, in more recent years sterling and other countries have relied to a greater extent upon internal monetary and fiscal measures, rather than direct import controls, to correct their balance of payments difficulties.

Trend Is to Relaxation

In this situation, although a substantial number of controls remain in effect, there has been a progressive liberalization of import restrictions in sterling countries in recent years. In particular, dollar restrictions have been extensively relaxed. As a result of these measures a large proportion of total Canadian exports to sterling countries is now entirely free of restrictions, and the restrictions that do exist are non-discriminatory. The United Kingdom has made substantial progress in eliminating discrimination. Currently, the great majority of Canadian exports to the United Kingdom are free of restrictions. Other countries also have shown considerable progress: South Africa has not discriminated against dollar goods for some years, Pakistan maintains import restrictions but they are non-discriminatory, Ceylon maintains dollar controls only on a limited scale. India continues to impose some discriminatory controls and Australia and New Zealand maintain such controls on a considerably wider scale. The colonies and other dependencies of the United Kingdom generally impose discriminatory controls extensively, with the exception of The West Indies which has made important provisions to maintain the dollar import trade.

This year many sterling countries have progressed further in relaxing import restrictions and reducing discrimination against dollar goods. The United Kingdom recently eliminated discrimination on a wide range of industrial chemicals and liberalized dollar restrictions on canned salmon, fresh apples and a variety of dried and canned fruit. Australia has eliminated discrimination on a wide range of capital equipment and liberalized import restrictions on a number of metals and other industrial materials. New Zealand and India have found it necessary to impose additional restrictions on imports, but neither has increased the degree of discrimination against dollar goods.

Canada's export trade to sterling countries now faces fewer restrictions than at any time within the last few years. As a result, Canadian exporters have been able to make increasing use of the preferential tariff system under which our goods benefit in these countries. Restrictions which still remain apply particularly against a variety of manufactured goods, many of which have been traditionally important in our export trade with these countries.

Following is a summary of the regulations governing dollar imports into the sterling countries of the Commonwealth.

United Kingdom—A large number of products may now be imported under Open General Licence. These goods, which are actually restriction-free, include practically all of the basic raw materials of industry, basic foodstuffs, some manufactures of most metals, most chemicals and allied products, and a variety of others —whisky, dressed furs, fertilizers, hardwood flooring and other wood products, and news film.

The principal groups of dollar products which remain subject to specific licensing in respect of individual transactions are cattle, meats, eggs, honey, fruit, tobacco, canned fish, canned fruits and vegetables, cheese, butter, leather, synthetic rubber, and practically all fully-manufactured articles. For many of these, import quotas have been established which permit Canadian products to compete for a share of the market. In addition, certain foodstuffs and a wide range of consumer goods are covered by a Token Import Scheme under which Canadian firms traditionally exporting such goods to the United Kingdom are assured of import licences based on their prewar trade.

The import of Canadian products not admitted under Open General Licence and not covered by quota or token import arrangements is, for the most part, precluded. Notable exceptions are newsprint for which specific licensing is not used to curtail imports, and machinery for which licences are granted when it is shown that imports are essential and that the machines cannot be obtained from United Kingdom sources.

Australia—Australia permits imports from the dollar area under four general classifications. A few products, including nickel, ferro-alloys and abrasives, are exempt from import licensing and thus may be imported without restriction as to source or quantity. A smaller number of products, notably books and printed matter, are subject to licences which are granted freely. A wide range of products may be imported without discrimination as to source; among these are metals, newsprint, asbestos, office machinery, pulp and other industrial materials. Many of the products in this latter classification may be imported quite freely. All other products are subject to individual licensing when imported from the dollar area and are usually severely restricted.

New Zealand—New Zealand intensified its import restrictions in 1958. All goods from dollar countries are now subject to individual import licensing. Some 66 products or groups of products may be imported from dollar countries freely. Approximately 40 other items are subject to quota restrictions. Imports not included in the above classifications are subject to individual licences and these are only granted sparingly.

South Africa—Imports from dollar countries are permitted under three classifications. A limited number, including textiles and petroleum products, may be imported. A wide range of goods may be imported as they are sold within the Union; some of the products in this classification are raw materials, consumer goods, motor vehicles, agricultural machinery, domestic equipment, trucks, construction equipment, alcoholic beverages, medical requirements, outboard motors and all maintenance spares and accessories. A smaller group, notably consumer goods, may be imported under quota based upon 1948 imports. Since licences are granted in South Africa without discrimination as to country of origin, these restrictions apply equally to all countries.

Rhodesia and Nyasaland—Out of a total of some 725 items and sub-items in the tariff of the Federation, only about 50 items are restricted when imported from dollar countries. Quotas have been established to cover imports from the dollar area of a small number of products, including wheat, motor vehicles and textile piecegoods. Other products may be imported freely.

India—Quotas, based upon previous periods, have been established for imports from dollar countries. They apply mainly to industrial materials. In addition, many goods—notably capital equipment—are imported under individual licences which are based upon the merits of the case. All import licences issued in India covering non-dollar goods may be used for imports from the dollar area up to 50 per cent of their value. Non-dollar licences with a value of 5,000 rupees or less may be used to their full extent for imports from dollar countries.

Pakistan—All commercial imports into Pakistan are subject to an import licence irrespective of the country of origin. There is no discrimination as to currency sources in the Pakistan licensing system.

Ceylon—More than 200 essential products may be imported freely into Ceylon from the dollar area under World Open General Licence. Other products are subject to individual licensing and in most cases licences are issued freely to importers who apply for them, particularly to registered Ceylonese traders. For a small number of consumer goods licences for imports from the dollar area are either not issued or are issued only in token quantities. Ceylonese import restrictions do not significantly affect most imports from Canada.

Malaya and Singapore—All imports from the dollar area are subject to import licences and licences are issued for only a limited list of products. A number of products may be imported from Canada under the existing licensing system.

Ghana—Ghana has established an over-all quota to cover imports from dollar countries. The major part of this quota is used for flour, but other products, notably capital goods, are imported from dollar countries.

Hong Kong—Dollar exchange may be obtained freely on the Hong Kong foreign exchange markets and goods may be imported without restrictions from the dollar

area when paid for with such exchange. A few products require an import licence irrespective of the country of origin.

The West Indies and Other Caribbean Territories—A number of products of importance to Canada, notably fish, kraft paper, newsprint, milk, lumber, apples and tobacco, may be imported under World Open General Licence without restriction as to source. In addition, dollar products which have been of traditional importance in the trade may be imported in limited quantities under the British West Indies Trade Liberalization Plan. A few territories have established separate dollar schemes whereby dollar products may be imported in additional quantities where they are needed for the economy of the territories. Products other than those under the arrangements mentioned above are subject to individual licensing.

Other British Dependencies—In these territories nearly all products are subject to individual licensing when imported from dollar countries. In general, imports from the dollar area must be essential and unobtainable from other sources. In many territories the import licensing of dollar goods is highly restricted. Special provisions have been made in Mauritius and Fiji for dollar licensing of a number of products on a more liberal basis.

Further information on import controls in sterling countries may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

India's Trade with the Commonwealth

India today buys about 40 per cent of her imports from Commonwealth countries and sells them one-half of her exports in return. Canada's exports to India have not changed much in the past 20 years —will not increase substantially unless dollar import restrictions are eased.

THE Indian economy continued to expand during 1957. Industrial development advanced toward the achievement of goals set forth under the Second Five Year Plan but financial resources to pay for the program dwindled slowly. Reserves of foreign exchange declined as imports rose to record levels. By the end of 1957 foreign exchange reserves fell to US$625 million compared with US$1,113 million a year earlier. By the end of June 1958 the reserves stood at US$457 million.

In 1957 India reclassified its foreign trade accounts and the statistical base was changed from the fiscal year to the calendar year. Detailed statistics for the year 1957 are incomplete and comparable trade figures are not available for corresponding periods in 1956. For this reason it has not been possible to determine the extent of the changes in the composition and direction of India's foreign trade which occurred during the past year. Preliminary trade figures for 1957 indicate, however, that total imports amounted to US$2,022 million and exports approximately US$1,383 million.

INDIA'S FOREIGN TRADE*

(in millions of U.S. dollars)

Year	Imports	Exports	Balance
1951	1,793	1,611	—282
1952	1,695	1,295	—400
1953	1,208	1,116	— 92
1954	1,297	1,182	—115
1955	1,413	1,276	—137
1956	1,698	1,288	—410
1957	2,022	1,383	—639

*Source: International Financial Statistics.

The importance of agriculture to the economic well-being of the country became very evident as drought conditions during the latter half of 1957 caused a falling-off in food production and domestic food prices rose sharply. Imports of food grains have increased substantially since the latter half of 1957 causing an additional strain on the balance of payments.

To counteract the depletion of foreign exchange reserves and the domestic inflationary pressures, the Government of India introduced new income and corporation taxes early in 1958. Import restrictions were intensified in 1957 and at the same time the degree of discrimination against goods from the dollar area was reduced.

Trade with the Commonwealth

Historically, the Commonwealth countries have supplied about 40 per cent of India's import requirements and have purchased over one-half of her total exports.

Britain has been India's most important trading partner and though she has maintained this position in the past year, the United States' share in India's imports and exports has been growing. West Germany has become an important supplier in recent years, followed by Japan, Pakistan and Burma. Trade with many other countries, notably the U.S.S.R., has also increased.

India's main imports are food grains and flour, machinery, oils, raw and waste cotton, vehicles, hardware and cutlery, chemicals and medicines, yarns and textile fabrics (other than cotton and wool), dyes, paper, nonferrous metals, electrical apparatus, and iron and steel products. In the past, about one-half of the value of India's total exports has been derived from exports of tea, jute manufactures and cotton piecegoods. Other important exports are raw cotton, hides and skins, oils, gums, seeds, non-metallic minerals and spices.

Trade with Canada

Canada's principal exports to India are copper, newsprint, wood pulp, aluminum, motor vehicles and parts and drugs and chemicals.

CANADA'S TRADE WITH INDIA

($million)

Year	Canadian Imports from India	Canadian Exports to India	Balance for Canada
1951	40.2	37.5	— 4.5
1952	26.8	55.4	+28.6
1953	26.6	37.2	+10.6
1954	28.0	17.7	—10.3
1955	35.1	24.7	—10.4
1956	30.9	25.7	— 5.2
1957	29.2	29.0	— .2

Canadian imports from India have not changed much in composition during the past twenty years. The principal products imported are tea, jute and cotton fabrics, shelled nuts and manganese ore.

From 1945 to 1954, wheat was an important Canadian export to India. In recent years India has been supplied with surplus wheat from the United States and as a result imports from Canada have fallen off. Canada has not, however, shared proportionately in the increase in imports which has resulted from India's postwar expansion. Canadian exports have been limited by the discriminatory quantitative restrictions which India has imposed upon goods from the dollar area.

Ceylon's Trade with the Commonwealth

Ceylon still sells about 55 per cent of her exports to Commonwealth countries and gets 45 per cent of her imports from them. This pattern may change, as the country diversifies its markets, builds up industry, and improves its own agricultural output.

W. R. VAN, *Commercial Secretary, Colombo.*

THE economy of this small 25,000-square-mile island is basically agrarian and depends chiefly upon the production, processing, and export of tea, rubber and coconut products. These commodities account for over 95 per cent of domestic exports and about one-third of the national income. The foreign exchange earned from the sale of these three commodities Ceylon relies upon for purchases of food and especially such staples as rice, flour and sugar. Over 40 per cent of export earnings normally go to the purchase of foodstuffs alone, because two-thirds of all food requirements must be imported. Of the three main staples, only rice is produced locally and production meets about half of the country's needs. Industry, excluding the processing of tea, rubber and coconut products, is still in its early stages and contributes about 5 per cent of the gross national product.

Policy Is Examined

Before independence the economy followed the overall colonial pattern of the time. The main bulk of Ceylon's trade was with the United Kingdom and other members of the Commonwealth. In 1948 Ceylon was granted her independence and became a Dominion and as such began to examine her economic position as a self-governing and self-supporting nation.

Ceylon is well aware of the extreme vulnerability of her three major export crops. Competition from other producers is becoming keener. In addition, tea, rubber and coconut are subject to price fluctuations and any down-trend can have serious repercussions in Ceylon, still so dependent on these three commodities (especially tea) to finance her imports.

Measures are being studied and steps are being taken to put into effect plans to lessen considerably Ceylon's dependence on her three major export crops and also to cut the heavy exchange outlay for imports. These include the diversifying and intensifying of

CEYLONESE TRADE WITH COMMONWEALTH AND OTHER COUNTRIES

Year	Total Trade		% Commonwealth		% Others	
	Imports	Exports	Imports	Exports	Imports	Exports
	(millions of Rs.)					
1937	242.6	309.3	66.3	67.7	33.7	32.3
1938	231.5	262.8	67.2	72.1	32.8	27.9
1939	242.4	303.5	65.4	68.1	34.6	31.9
1955	1,459.7	1,866.3	51.2	54.4	48.8	45.6
1956	1,629.3	1,648.0	46.4	56.3	53.6	43.7
1957	1,804.0	1,585.1	46.3	53.5	53.7	46.5

IMPORTS BY COMMODITY GROUPS

Group	Commonwealth Countries			Other Countries		
	1955	1956	1957	1955	1956	1957
	(in %)			(millions of rupees)		
*Food	40.4	35.7	35.9	59.6	64.3	64.1
Beverages and tobacco	69.9	71.7	70.6	30.1	29.3	29.4
Crude materials inedible	54.5	48.5	85.3	45.5	51.5	14.7
Mineral fuels, lubricants and related materials	44.4	34.3	44.4	55.6	65.7	55.6
Animal and vegetable oils and fats	85.7	92.3	96.4	14.3	7.7	3.6
Chemicals	52.3	39.4	49.3	47.7	60.6	50.7
Manufactured goods classified chiefly by material	52.6	48.9	50.1	47.4	51.1	49.9
Machinery and transport equipment	67.5	75.3	66.8	32.5	24.7	33.2
Miscellaneous manufactured articles	68.4	70.4	70.4	31.6	29.6	29.6
Miscellaneous transactions and commodities n.e.s.	50.6	95.1	99.7	49.4	4.9	.3

*Food—principally rice purchased under agreement from Burma and Mainland China.

Source: Ceylon Customs returns.

agricultural production and the stimulation of industrial expansion where this is feasible. All these plans, if successful, will affect the trade pattern.

Trade Pattern Analyzed

Traditionally most of Ceylon's trade has been carried on with the Commonwealth and especially with the United Kingdom because of the strong established position of British import, export and producing firms in Ceylon during colonial days. To a lesser extent, Commonwealth preferential duties played a part. Today approximately 55 per cent of Ceylon's exports go to and about 45 per cent of her imports come from the Commonwealth. The United Kingdom retains its position as principal trading partner. Although Ceylon's apparent desire is not to change the present pattern too abruptly, it is her obvious intention to diversify her markets abroad and thus reduce her dependence on restricted outlets. The reasons are first, the vulnerability of her export crops and second, the need to cushion the impact on her economy of downward price trends. Among other measures, Ceylon has entered into trade agreements with a number of countries, both East and West, including Mainland China and more recently the Soviet Union.

The tables give a comparison of trade, past and present, with Commonwealth and other countries as well as a percentage analysis of imports by commodity groups from the Commonwealth and other countries.

Pattern May Change

Ceylon's pattern of trade seems bound to change. Ceylon is only too anxious to maintain and enlarge, where possible, her traditional markets. However, it is natural that this country should also endeavour to open up new markets for her products and to search for new and cheaper sources of supply. In many instances it has been found that the Commonwealth preferential tariff has not effectively stimulated Ceylon's trade with the Commonwealth countries because it is not sufficient to allow Ceylonese suppliers to be competitive with non-Commonwealth sources of supply. Quality, price, delivery and assurance of continuity of supply will in the future be the principal determining factors in any changes in the import pattern. Ceylon's ability to produce more of her own needs will also be a factor.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Australia, Austria, Belgian Congo, Belgium, Brazil, Chile, Cuba, Denmark, Dominican Republic, East Africa, Egypt, Finland, France, West Germany, Ghana, Greece, Guatemala, Haiti, Indonesia, Israel, Italy, Mauritius, Mexico, Netherlands Antilles, New Zealand, Nicaragua, Norway, Panama, Peru, Portugal, Spain, Surinam, Sweden, Switzerland, United States, and Venezuela. The United Kingdom certificate of origin requirements and other conditions under which Imperial Preference is granted are covered by Notice No. 27 A issued by the United Kingdom Commissioner of Customs and Excise.

Other pamphlets issued by the Branch include "Requirements for Shipping Documents in Europe and Latin America" and "Import Control Regulations and Tariff Treatment of Canadian Goods", both brief summaries in tabular form, and an outline of "Tariff Preferences for Canadian Goods Abroad." For copies of any of these pamphlets, readers should write directly to the Branch. Data on other countries will be compiled from time to time and they will be added to the list.

General Notes

Australia

PERMANENT CREASING PROCESS—A process for the permanent creasing of woollen skirts and trousers, known as SI-RO-SET and developed by the Commonwealth Council for Scientific and Industrial Research, will be introduced in New Zealand. The process involves treating the fabric with a dilute chemical solution and setting the creases with steam. It is widely used by the garment trade in Australia and costs just under a shilling for each garment treated. The Australian Wool Bureau is financing the visit to New Zealand of a C.S.I.R.O. officer and the inventor of the process—Melbourne.

Brazil

POWER CAPACITY INCREASING—Studies by the Minister of Agriculture reveal that Brazil has a minimum hydro-electric potential of 20 million horsepower. Considerable expansion of its hydro-electric potential has taken place in the past two years and 253 thousand kilowatts were added in 1957. However, industrial development is expected to put an increasing strain on the existing 3.8 million horsepower and in order to meet industry's demands, installations are under way or planned for the near future which will bring the present capacity up to 5 million by 1960. Work is progressing on such important projects as the Tres Marias Dam (520 thousand kw.) and the Furnas development (1.1 million)—Rio de Janeiro.

Chile

PERMITS FOR FOREIGN FISHING VESSELS—In an endeavour to encourage the establishment of a national fishing fleet, the Chilean Government has recently (June 21) issued new regulations affecting the operation within its territorial waters of foreign-flag fishing vessels operated by residents. In future, fishing permits for foreign-flag vessels issued to Chileans or foreigners living in Chile will be granted for two years only. It will date from the time of publication of the permit in the *Official Gazette*.

Existing permits will be valid until their expi date, but if the expiry date is less than one ye from the date of the present decree, the perm holder may request an extension for a further yea

The new permits will be for a once-only oper tion and at the end of the two years the vessels w either have to be registered under the Chilean flag return to their country of origin.

All vessels will be subject to inspection by of cials of the Ministry of Agriculture and their oper tion will be restricted to the terms and conditio of the permit. In addition, before a fishing permit issued for a foreign-flag vessel, the vessel will ha to meet the standards laid down by the Chilea Merchant Marine and the Maritime Commissio These regulations will not apply to permits whi are now in existence.

Wooden vessels more than five years old ar steel vessels more than ten years old will not granted a licence under the new regulations- Santiago.

Mexico

IMPORTS—Mexican statistics for 1957 just publishe show that last year imports reached a new high pesos 14,439 million, or approximately Canadia $1,126 million. Principal suppliers by value were th United States 77 per cent, Germany 5.5 per cen Canada 2.9 per cent, the United Kingdom 2.8 per ce and Italy 2.2 per cent.

This was the ninth consecutive year that Mex co's import values increased, despite the rapid growt of domestic production facilities and a consta increase in tariffs, particularly on manufacture articles—Mexico, D.F.

New Zealand

STEEL INDUSTRY—The New Zealand Governmer has created a committee to report on the establish ment of a domestic iron and steel industry. Ne Zealand is said to have the world's largest deposi of recoverable ore-bearing sands, known to excee

700 thousand tons. They are located on the west coast of the North Island and make the scheme feasible. To exploit these sands, between 150 and 200 thousand kilowatts of electric power and 500 thousand tons of coal will be required.

Already private interests have made a number of proposals. Over a year ago one company, formed by a New Zealand group in association with a firm of American steel experts, offered plans for facilities to produce either 120 thousand or 230 thousand tons of steel a year. It would construct mills at either Dunedin or Auckland at an estimated cost of £50 million.

In addition an all-New Zealand combine, the New Zealand Development Corporation, has announced plans for a £25 million steel enterprise. The firm has obtained extensive holdings in the iron-sands area and various coal fields. It will build a refining plant with electric blast furnaces at Dunedin on the South Island which may be in operation by 1965. Coal will come from the Clutha Piner area, some 50 miles north of the possible plant site. The company will use a refining process which will yield rare metals, including titanium and vanadium, as well as iron and steel. Both firms have seriously considered Dunedin as a location because of its proximity to large electric-power sources.

New Zealand currently imports about 340 thousand tons of steel and 7.5 thousand tons of pig iron a year, and a local industry would cut purchases abroad considerably—Wellington.

Norway

EXPORT CONTROL ON TIMBER LIFTED—The export of sawn and planed timber from Norway is no longer subject to licence. No sharp rise in exports is expected, however, because export licences have been granted quite freely during the past year. In 1957, Norway exported some 170 thousand cubic metres of sawn and planed goods valued at about Kr.53 million, compared with 112 thousand cubic metres worth 38 million in the previous year. Norway's most important foreign market for these goods is the United Kingdom—Oslo.

Pakistan

BALANCE OF PAYMENTS—Pakistan suffered a severe setback in its balance of payments on current account in 1957 when a deficit of Rs.256.1 million was recorded. This was reflected in a drop of Rs.241.6 million in the gold, dollar and sterling reserves held by the State Bank of Pakistan which were reduced to Rs.1,021.4 million. Difficulties were chiefly caused by the necessity of importing foodgrains and by the slack demand for the chief foreign-exchange earners, jute and cotton. Foreign exchange receipts fell by Rs.142.7 million but payments rose by Rs.142 million. The rise in payments was totally on government account and represents heavy purchases of foreign foodgrains, sugar, coal, development goods, and defence and departmental requirements —Karachi.

Peru

INSTALMENT SALES—Instalment sales for the greater Lima area last year increased by 34 per cent over 1956 and reached soles 510 million, or approximately US$26.8 million. At constant prices, the growth in instalment buying in the Peruvian capital amounted to 27 per cent. Registered instalment sales for the entire country for 1957 would be about soles 730 million or approximately US$38 million, based on the fact that Lima represents about 70 per cent of the total.

This year instalment sales have continued to grow and through January-April rose 18 per cent, compared with the same four months last year. This year's growth is due both to price increases and the rush to buy imported goods before increased tariff duties went into effect—Lima.

Spain

AID TO FISHING INDUSTRY—The Spanish Government has announced that it will grant credits totalling more than 89 million pesetas towards the construction and modernization of the fishing fleet, canning factories and other allied industries. This is part of the Government's broad program to rehabilitate the fishing industry—Madrid.

United Kingdom

BALANCE OF TRADE—The United Kingdom's balance of trade for the first half of 1958 showed a marked improvement over the same period of 1957. Exports averaged £266.2 million a month, according to provisional figures, and were down £15.1 million monthly compared with the first six months of 1957. But imports at £308.2 million a month dropped much more in value, by £41.6 million a month. The improvement in the balance would have been even more marked had it not been for the dock strike in London. Taking into account the fact that imports were swollen early last year by the arrival of cargoes which had been delayed by the Suez troubles, the real improvement in the trade balance is still marked.

Britain's imports are valued C.I.F. and her exports F.O.B. Because much of her trade is carried in her own ships and insured by British firms, it is virtually a certainty that the United Kingdom is now earning foreign currency through her visible trade. This is a reversal of the losses sustained in the previous two years—London.

PHARMACEUTICAL RAW MATERIALS

Markets in Europe I

DENMARK—*Growing industry buys many of its raw materials, and especially synthetic chemicals, abroad. Britain, Germany and the U.S. have become leading suppliers.*

C. F. WILSON, *Commercial Counsellor, Copenhagen.*

THE pharmaceutical industry in Denmark is comparatively small and facts and figures on pharmaceutical raw materials are not published and are practically unavailable. Consequently, the only way to appraise the market in Denmark is to review the pharmaceutical industry as a whole.

At present there are about 20 privately operated pharmaceutical factories in the country, all of them Danish-owned. In addition, the Government operates three production centres—the State Serum Institute, the State Veterinary Serum Laboratory, and the State Experimental Station. These three produce mainly sera and vaccines.

Although Danish medicinal factories are independent organizations, they work closely with foreign manufacturers and this co-operation is stimulated by t research facilities of the larger international compani As a result, a fair amount of the local output produced under licence.

Research biologists in Denmark's pharmaceutical industry are constantly at work to improve their products. Pharmaceutical exports are growing and earned D.Kr. 104.9 million last year.

Denmark has no basic chemical industry to serve a source of pharmaceutical raw materials and the lo industry got its start processing the byproducts slaughterhouses. Pancreases were used for the produ tion of insulin, hypophysis for hormone preparatio such as pituitrin, and lungs for the production of hep rin. Later, the industry gained experience in the u of synthetic chemicals based on imported raw materi and this has led to a marked expansion within t industry in recent years.

Provisional figures for 1957 indicate that producti in the pharmaceutical industry in 1957 was valued 170 million D.Kr., or $23.5 million, 20 per cent abo 1956 production and 40 per cent above 1955. Dani exports of pharmaceutical products have increas impressively, as the table below shows:

1946	8.2 million D. Kr.
1951	67.0 " "
1956	81.5 " "
1957	104.9 " "

Can.$1.00=7.18 D. Kr. approximately, at present.

Exports consist mainly of penicillin and other antibi tics, insulin and other organic preparations, ar vitamins.

Imports of Raw Materials

Medicinal roots, herbs and barks are not used exte sively in the Danish pharmaceutical industry. Impor are modest and Canadian sales of senega root to De mark last year reached Can.$12,200.

Because of its large dairy herds and hog populatio Denmark is largely self-sufficient in products of anim origin such as ACTH, pepsin, hormones and sterol On the other hand, the local industry depends heavi upon imports of synthetic raw materials for its produ tion of synthetic medicinal products.

The largest foreign suppliers are West Germany an the United Kingdom, both of which benefit fro proximity to the Danish market. Other importa suppliers are the United States, France, Benelu

CANADIAN PHARMACEUTICAL EXPORTS TO DENMARK

(in Canadian dollars)

	1956	1957
Senega root	4,850	12,200
Streptomycin and products		10,575
Medicinal preparations	126	5,150

Switzerland and Italy. Most imports are effected through agents and representatives.

Tariffs and Controls

Denmark imposes no quantitative restrictions on imports of pharmaceutical raw materials and of medicinal preparations. Most raw materials are exempt from customs duties; medicinal preparations are subject to customs tariff rates of 0.10 and 0.24 D.Kr. per kilo—that is, from just over one-half to about 1½ cents per pound.

Imports of pharmaceutical raw materials are not controlled by the Danish health authorities except in the case of narcotics and radioactive materials, but finished products already packaged for retail must be registered before they are placed on the market. The registration may take a year or more. Although pharmaceutical manufacturers are not required to submit their products for testing and approval before marketing, the health authorities conduct spot inspections of such factories. They also prosecute any cases of irresponsible advertising and misleading claims on labels.

The Danish pharmaceutical industry is making good progress and there is enough expansion to provide for an improving market in pharmaceutical raw materials. Canadian exporters are faced, however, with strong competition not only from Denmark's neighbours but also from the United States. Danish imports of finished pharmaceutical products from the U.S. in 1957 amounted to well over $1 million. But Canada's total exports to Denmark of all pharmaceutical materials, both raw and finished, amounted to only a small fraction of that sum. ●

FINLAND—*Nine factories produce pharmaceuticals from imported raw materials; import policy permits buying of a number of them from dollar countries.*

A. P. BISSONET, *Commercial Secretary, Stockholm.*

A survey made in 1954, the most recent detailed study of the Finnish pharmaceutical industry, estimated that 85 per cent of the raw and semi-manufactured materials used in the industry are imported. The following table indicates the proportion of domestic production to imports of the various categories of products used in that year.

Commodity	Domestic Production*	Imported Products (in Finmarks)*
Drugs	16.2 million	678.3 million
Alcohol	25.0 "	
Sugar and syrup	29.7 "	3.2 "
Starch products	17.2 "	5.9 "
Fatty substances	0.8 "	6.6 "
Liver and other organs	17.2 "	
Milk	14.4 "	
Chemicals	0.5 "	0.6 "
Miscellaneous	11.4 "	31.8 "

*One Finmark=$0.003 Can.

The most recent Finnish import statistics available, those for 1956, give a general picture of the Finnish pharmaceutical industry's present requirements, and also of the import licensing position.

Plants, roots, seeds and fruits used for medicinal purposes—
Value: 11.9 million Finmarks
Chief suppliers: United States, West Germany
Customs duty: free
Import licensing position: on dollar free list

Pepsin, pancreatin and insulin—
Value: 7.1 million Finmarks
Chief supplier: Denmark
Customs duty: free
Import licensing position: certain imports permitted for payment in dollars

Lecithin, peptone and nuclein; preparations with a basis of these substances—
Value: 10.7 million Finmarks
Chief suppliers: West Germany, Denmark
Customs duty: free
Import licensing position: not licensable for import from dollar area.

Serum, vaccines and bacterial preparations—
Value: 23.7 million Finmarks
Chief suppliers: United States, Sweden, West Germany, Denmark
Customs duty: free
Import licensing position: on dollar free list

Medicaments containing alcohol and medicinal wines—
Value: 1.6 million Finmarks
Chief suppliers: not stipulated
Customs duty: Fmk. 208 per kilo
Import licensing position: not licensable for import from dollar area

Chemical elements and their compounds, mixtures thereof, chemical preparations and medicaments, n.o.p., for retail sale, the weight including packing not exceeding 1½ kilos—
Value: 1,555.7 million Finmarks
Chief suppliers: Sweden, Netherlands, West Germany, United States, Denmark, Switzerland
Customs duty: Fmk. 55 per kilo
Import licensing position: medicines only on dollar free list

Other—
Value: 1,050.8 million Finmarks
Chief suppliers: West Germany, Norway, Denmark, United States, Switzerland, Sweden
Customs duty: Fmk. 35 per kilo.
Import licensing position: on dollar free list

There are nine factories in Finland producing pharmaceuticals:

OY Astra AB, Helsinki
Huhtamäki-yhtymä Oy, Helsinki

Lääketehdas Alb. Koponen, Nurmijärvi
Oy Medica AB, Helsinki
Lääke Oy, Turku
Lääketehdas Orion Oy, Helsinki
Oy Pharmacal AB, Helsinki
Oy Rohto-AV- Drog AB, Tammisaari
Oy Star AB, Tampere

The import requirements of these factories account for Finland's total imports of pharmaceutical raw materials.

Finland's past record of imports and the fairly liberal import licensing situation should mean good sales possibilities for Canadian exporters. ●

NORWAY—*State monopoly buys practically all medicinal raw materials and products; Denmark, the United States and Britain are the leading suppliers.*

B. G. R. BARTON,
Office of the Commercial Counsellor, Oslo.

SINCE the middle of the 1920's, there have been attempts to make the Norwegian pharmaceutical industry as independent of imports as possible. Today the country produces enough vitamin concentrates and products of animal origin to meet its needs. Production of synthetics began in the 1930's but for these products most of the raw materials must still be imported.

Domestic Industry

The production of vitamin products makes up a large part of the industry. Raw materials used for vitamins A and D are liver and liver oils from halibut, tuna, shark and whales. One firm produces vitamin A concentrates by a process of high-vacuum distillation and this has facilitated the use of new raw materials. There is also some output of vitamin D_2 based on ergosterol, but imports also come in from the Netherlands. For home consumption there is also a limited production of natural vitamin concentrates such as hip extracts, liver extracts and yeast products. Exports of vitamins and vitamin products for the years 1956 and 1957 totalled $1.2 million and $720 thousand, respectively; imports of these products reached only $270 thousand and $220 thousand.

The rest of the pharmaceutical industry consists almost entirely of four other companies, the oldest of which was established in 1874. The fields they cover may roughly be described as:

Antibiotics—penicillin and neomycin
Liver concentrates
Alkaloid concentrates
Hormone concentrates
Various isolates, such as bellatropin, ergotamine tartrate, d-tubocurarinechloride, and testosterone etc.
Sulfa preparations
Organic arsenic preparations
Soporifics and narcotics of the barbituric and salicylic acid grou
Antihistamine preparations
X-ray contrast agents
Anti-epileptics
Diuretics

Imports and Exports

The official statistics are not broken down into impor of raw materials and those of prepared medicine Exports consist largely of vitamin preparations ar antibiotics and totalled $1.7 million in 1956 and $1.3 million in 1957. Imports for these two years we valued at $4.8 million and $5.1 million but the figures include not only raw materials and prepare medicines, but also medicinal plasters, health salt dental cement, liquid paraffin and a large group unspecified items.

Apart from the vitamins and vitamin products mer tioned earlier, serums and vaccines in 1956 and 195 accounted for $550 thousand and $180 thousand total imports; antibiotics $500 thousand and $78 thousand; morphine, cocaine, quinine and other alka loid salts $78 thousand and $88 thousand, and othe wares, n.o.p., for $3.4 million and $3.9 million.

The largest suppliers were Denmark (about $1 millio in 1956), followed by the United States ($900 thou sand); each shipped mainly serums and vaccines. Nex in order come the United Kingdom, Sweden, We Germany and Switzerland. These six countrie together accounted for 90 per cent of total impor into Norway.

Canada's exports have so far been confined almos exclusively to medicinal herbs, barks and roots an senega root is the only significant item. Norway' imports of senega appear to total about 1½ tons year; Canada supplied 3,350 pounds in 1956 but non in 1957. Norwegian consumption of golden seal an hellebore roots is insignificant but small quantities cascara bark are in demand.

Trade Regulations

Norwegian manufacturers are all independent and th same rates of duty apply to all suppliers. All medi cinal products offered to the public are strictly con trolled and this tends to limit the number of simila products on the market at any one time. Import from member countries of the European Payment Union can enter freely but import licences are require for shipments from the dollar area. A state impor monopoly has the sole right to import and distribut at wholesale practically all medicinal raw material and products, apart from vaccines and serums. Thi monopoly can negotiate direct with foreign manufac turers but at the same time is open to offers from loca representatives. ●

SWEDEN—***A highly developed pharmaceutical industry imports many items which Canadians could supply.***

A. P. BISSONET, *Commercial Secretary, Stockholm.*

THE pharmaceutical industry in Sweden is large and offers an excellent market for certain imported raw materials. The industry has grown to twenty plants employing over 2,000 people and producing $20 million worth of finished products a year. (For further details about it, see the article in *Foreign Trade* of December 7, 1957.) However, it obtains many of its raw materials from domestic sources as there is also an extensive basic chemical industry in Sweden. This latter industry consists of 42 plants producing the following items:

PRODUCTION OF CHEMICALS IN SWEDEN, 1955

Commodity	Output (in metric tons)
Phosphorous	141
Nitric acid	55,223
Potassium chlorate	4,141
Sodium bisulphate	278
Zinc sulphate	1,138
Carbon bisulphide	6,344
Hydrogen peroxide (40 per cent)	512
Butyl alcohol	5,055
Other alcohols (some of which used in the pharmaceutical industry)	2,256
Formaldehyde	25,393
Acetone and oils	104
Acetic acid	5,888
Sodium acetate	74
Phthalic acid, anhydride	2,666
Hexamethylenetetramine	732
Saccharine	17
Salicylic acid	10
Glycerine	1,900
Acetaldehyde, etc.	14,831
Chlorine	80,018
Trichloroethylene	4,253
Triethanolamine	110
Zinc oxide	4,618
Other non-organic chemicals not classified separately	13,211

This production, of course, is consumed not only by the pharmaceutical manufacturers but by other industries as well. The following are some of the chemicals manufactured in Sweden for which there are no separate statistics: ammonium bicarbonate, casein, chloroform, dibutyl, dioctyl, other adipates, dicyandiamide, dibutyl phthalate, ethyl acetate, ethyl alcohol, fatty acids (oleic, stearic, purified tall oil and other acids), methyl alcohol, perchloroethylene, phenol, phosphoric acid, silver nitrate, sodium chlorate, sodium chloride, sodium hydroxide, sodium phosphite, sodium phosphate, tribasic, sodium sulphate and sodium carbonate.

Industry Imports Needs

In addition, the Swedish pharmaceutical industry imports a considerable number of the basic chemicals it requires. The following table gives a fairly complete picture of the chemicals imported in 1956 which might interest Canadian suppliers.

SWEDISH IMPORTS OF CHEMICALS OF INTEREST TO CANADIAN PRODUCERS, 1956

Commodity	Output metric ton	Chief Suppliers	Swedish Customs Duty—M.F.N. applicable to all imports
Carbon bisulphide	233	Belgium/Luxembourg & West Germany	Free
Citric acid	508	Belgium/Luxembourg & U.K.	Free
Phosphoric acid	129	Netherlands, U.S.	Kr.1.50 per 100 kg.
Acetic acid	291	Norway & France	Kr. 10 per 100 kg. (with max. 10% acid content)
Glycerine	2,372	Thailand, Malaya, & Norway	Kr.4 per 100 kg.
Silver nitrate	17	France, West Germany & Netherlands	Kr. 250 per 100 kg.
Sodium acetate	5	West Germany	Kr. 10 per 100 kg.
Sodium bisulphite	136	Switzerland & West Germany	Free
Zinc sulphate	74	Belgium/Luxembourg	Free
Potassium carbonate	1,543	West Germany & France	Free
Potassium bichromate	985	West Germany, South Africa, U.K.	Free
Bismuth compounds	5	U.K.	Free
Potassium sulphate	10,485	West Germany, France & East Germany	Free
Magnesium sulphate	1,194	East Germany	Free
Hydrogen peroxide	120	U.K.	8% ad valorem
Acetone	1,917	U.K. & Netherlands	Kr. 15 per 100 kg.
Formaldehyde	30	West Germany	Kr. 15 per 100 kg. (in water solution) Kr.100 per 100 kg. (in solid form)
Phthalic acid esters	1,078	West Germany & U.K.	Kr.30 per 100 kg.
Phthalic acid and phthalic anhydride	1,029	West Germany, Belgium/Luxembourg	13% ad valorem
Butyl alcohol	1,069	U.S. & East Germany	15 per cent ad valorem
Saccharine, etc.	21	U.S. (also from Canada)	Free
Aniline oil	267	East & West Germany, U.K., U.S. & Switzerland	Free
Zinc oxide	5,074	West Germany, Netherlands, Poland, U.K., Belgium/-Luxembourg	Free
Penicillin, salts, etc.	3	Denmark, U.K.	Kr.0.30 per million international units

Commodity	Output metric ton	Chief Suppliers	Swedish Customs Duty—M.F.N. applicable to all imports
Other chemicals	21,614	U.S., U.K., West Germany, Netherlands, Canada	Many of these chemicals are free from customs duty
*Pharmaceutical products (simple & compound)	1,059	U.K. France, U.S., Switzerland, West Germany, Canada	Free
Vitamins & vitamin concentrates	197	U.K., Switzerland, Japan, Norway, West Germany, Netherlands	Free
Fish liver oil	1,105	Norway, Iceland, Japan	Free
Arrowroot & manioka	789	Portuguese West Africa	Free
†Other roots, edible, not classified separately	5,566	Denmark, Netherlands, Italy	Between Kr. 10 and Kr. 20 per 100 kilos

*This heading includes packaged medicines and some chemicals not classified under a separate number in Swedish import statistics.

†This item includes some medicinal roots.

Other Swedish imports in this category include caffeine, lecithin, pancreatin and pepsin.

No Exchange Controls

By and large Swedish pharmaceutical firms are not subsidiaries of foreign companies and will import their needs from any source, provided the products offered are competitive in price and quality. Imports of most products from the dollar area do not require a licence and foreign exchange is freely available. Of the products listed in this article, only certain roots are subject to import licensing requirements. Beyond routine customs examination, there is no government supervision of raw materials used in the pharmaceutical industry.

The materials used in processed pharmaceutical preparations, including imported products, must be approved by the Swedish Government's Central Medical Board; the Board also passes on the advertising proposed before they are offered for sale. Although the Government has made no definite statement as yet, there is a possibility that the wholesale distribution of finished pharmaceuticals may become a government monopoly in the near future.

Prospects for the Swedish pharmaceutical industry appear to be good. The domestic market for finished preparations is relatively large and the industry exports processed and packaged products in quantity. This means that the Swedish demand for pharmaceutical raw materials will remain strong. Canadian suppliers may well find new opportunities for their products here. ●

Ceylon Will Produce Sugar

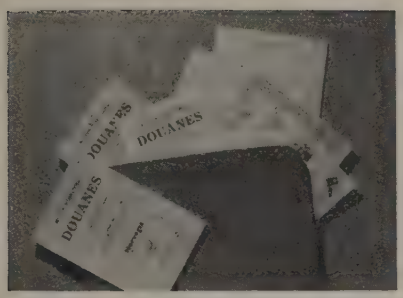
FROM colonial times Ceylon's agricultu economy has centered around the production three main export crops—tea, rubber and coc nut—which now account for 95 per cent of t island's exports. On the other hand, Ceyl must import nearly two-thirds of her food. Sug rice and flour account for nearly one-half of t island's annual import bill.

Worried by the heavy drain on foreign exchan which these imports of basic foodstuffs represe the Ceylonese Government has undertaken diversify agriculture and increase productio Wheat cannot be grown, but the Governme has already increased rice output and since 19 has carried on extensive experiments with sug cultivation.

The Government has now decided to build tw sugar factories, one at Gal Oya and one Kantalai. The former will cost some $3.8 mi lion and the latter $3.2 million. The factory Gal Oya, to be built by a British firm th tendered successfully, will produce 30,000 to of sugar a year and have a crushing capaci of 2,000 tons of cane a day over a season about 110 days a year. The plant will sta operations in 1959 with an output of 12,00 tons and reach full capacity by 1961. It will b fed by a 10-thousand-acre sugarcane plantatio The second plant at Kantalai will be equippe with machinery from Czechoslovakia and wi produce 20,000 tons of sugar a year. It will hav a maximum crushing capacity of 1.2 thousan tons of cane a day over a season of 120 day Eight thousand acres have been set aside for supporting plantation. By 1961 six thousand wi be under cultivation and the plant will be in fu production.

When both factories are operating, output wi total approximately 50,000 tons of sugar a yea This is roughly 28 per cent of Ceylon's annua requirements, all of which is now being importe chiefly from Brazil, India, the Philippines, Cub Mauritius, and Australia. Ceylon normally use about 135 thousand tons of white and 6,000 ton of brown sugar a year. During the past severa years the average price of imported sugar ha been $104 per ton. According to preliminar estimates, the cost of local production will b about $106 per ton during the initial stages, bu this is expected to fall to some $79 when th factories are in full production.

—W. R. VAN,
Commercial Secretary, Colombo



Trade and Tariff Regulations

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—The South African Board of Trade and Industries announced recently that it had received the following representations respecting the tariff:

Withdrawal of the rebate facilities on:

Glue for the manufacture of gummed tape.

Increase in duty on:

Calcium gluconate B.P. and sodium gluconate from 15 per cent ad valorem to 1s. 6d. per lb.

Industrial travelling ovens and final provers for bakeries from 5 per cent (intermediate rate) to 33 per cent ad valorem.

Jacks, from free of duty to 100 per cent ad valorem in the maximum duty column.

Animal glue from 5 per cent ad valorem (when imported in bulk) to 15 per cent ad valorem.

Canadian firms exporting these goods to South Africa may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf before the Board. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa soon after the announcements are made.

Turkey

FOREIGN EXCHANGE REGULATIONS REVISED—The Turkish Government has adopted a broad stabilization program designed to arrest inflationary pressures, to strengthen its balance of payments position and to prepare the ground for future balanced development of its resources. As part of this program, a new exchange system was established effective from August 4, 1958. In addition, all other multiple currency practices were eliminated.

Of interest to Canadian exporters is the fact that under the new exchange system there will be one rate of exchange for the import of all goods and products, namely £T9.00 equal to $1 U.S.

The new regulations abolished, effective August 4, the previous system of export premiums and substituted a system of exchange-rate premiums. The basic exchange rate remains at the parity of U.S.$1 equal to £T2.80, but, with the addition of premiums, the rates are now: £T4.90 equal to $1 U.S. for exports of opium, chrome ore, copper and tobacco; £T5.60 equal to $1 U.S. for exports of sultanas, figs and hazelnuts; £T9.00 equal to $1 U.S. for exports of all other produce, services, etc.

Goods in the course of being imported or already actually exported will not be charged with or granted the new premiums.

With the introduction of the new exchange rate, the "Equilibrium Fund" operated by the Agricultural Bank of Turkey was abolished. Under the "Equilibrium Fund" certain export goods received a premium on the official exchange rate.

Eliminated at the same time was the "deblocking system" under which foreign exchange proceeds from the export of certain commodities (in particular, mohair) and services (including the tourists' foreign exchange) was charged at a preferential rate. Also under the "deblocking system" were foreign exchange payments made by Turkey in respect of airline ticket revenue, profits of certain foreign concerns in Turkey and travel requirements of Turkish businessmen.

The 15 per cent premium payable to tobacco growers who sold their produce in the official tobacco market was also abolished.

United States

PRESIDENT VETOES SEED WHEAT BILL—At the session of Congress just concluded, a bill was approved by both Houses which would have increased the duty on treated seed wheat from 5 per cent ad valorem (approximately 10 cents per bushel at current prices) to 21 cents per bushel. On August 20 the President vetoed this bill and, since his veto was not overruled by Congress, seed wheat treated with poisonous substances will continue to be classified as wheat unfit for human consumption under U.S. tariff paragraph 729 at 5 per cent ad valorem.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.02795.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent August 29	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Official	.05405	18.50	(1
		Free	.02098	47.66	
Austria	Schilling		.03742	26.72	
Australia	Pound		2.1800	.4587	
Bahamas	Pound		2.7250	.3670	
Belgium, Belgian Empire and Luxembourg	Franc		.01951	51.26	
Bermuda	Pound		2.7250	.3670	
Bolivia	Boliviano	Free	.0001097	9115.77	
British Guiana	Dollar		.5677	1.76	
British Honduras	Dollar		.6813	1.47	
Brazil	Cruzeiro	General Category*	.006060	165.00	*(2
		Special Category	.003256	307.17	
		Official buying	.05299	18.87	
Burma	Kyat		.2043	4.89	
Ceylon	Rupee		.2044	4.89	
Chile	Peso	Free	.001252	798.72	(3
Colombia	Peso	Certificate	.1540	6.49	
Costa Rica	Colon	Official	.1733	5.77	
		Controlled free	.1464	6.83	
Cuba	Peso		.9728	1.02796	tax 2%
Czechoslovakia	Koruna		.1351	7.40	
Denmark	Krone		.1408	7.10	
Dominican Republic	Peso		.9728	1.02796	
Ecuador	Sucre	Official	.06486	15.42	
		Free	.05811	17.21	
Egyptian Region, United Arab Rep.	Pound	Official	2.7935	.3580	
		Export acct. selling	2.2375	.4469	
El Salvador	Colon		.3891	2.57	
Fiji	Pound		2.4550	.4073	
Finland	Markka		.003040	328.95	
France, Monaco and North Africa	Franc		.002321	430.85	(4
French colonies in Africa	Franc		.004042	247.40	(5
French Pacific	Franc		.01277	78.31	(6
Germany	D Mark		.2322	4.31	
Ghana	Pound		2.7250	.3670	
Greece	Drachma		.03242	30.85	
Guatemala	Quetzal		.9728	1.02796	
Haiti	Gourde		.1946	5.14	
Honduras	Lempira		.4864	2.06	
Hong Kong	Dollar	Free*	.1672	5.98	*Aug. 2
		Official	.1703	5.87	
Iceland	Krona	Official	.05973	16.74	(7
India	Rupee		.2044	4.89	
Indonesia	Rupiah	Effective buying	.03263	30.65	
		Effective selling	.02637	37.92	*(7
Iran	Rial	Certificate	.01284	77.88	

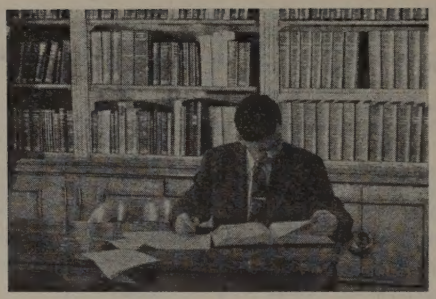
*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent August 29	Units per Canadian dollar	Notes (see below)
Iraq	Dinar		2.7239	.3671	
Ireland	Pound		2.7250	.3670	
Israel	Pound		.5405	1.85	
Italy	Lira		.001562	640.20	
Japan	Yen		.002702	370.10	
Lebanon	Pound	Free	.3021	3.31	
Mexico	Peso		.07783	12.85	
Netherlands	Florin		.2571	3.89	
Netherlands Antilles	Florin		.5181	1.93	
New Zealand	Pound		2.7250	.3670	
Nicaragua	Cordoba	Effective buying	.1474	6.78	
		Official selling	.1379	7.25	
Norway	Krone		.1362	7.34	
Pakistan	Rupee		.2044	4.89	
Panama	Balboa		.9728	1.02796	
Paraguay	Guarani	Official	.008888	112.51	
Peru	Sol	Certificate	.04082	24.50	
Philippines	Peso		.4864	2.06	
Portugal & Colonies	Escudo		.03395	29.46	(8)
Singapore and Malaya	Straits dollar		.3179	3.15	
Spain and Dependencies	Peseta	Controlled free	.03395	29.46	(7)
Sweden	Krona		.1880	5.32	
Switzerland	Franc		.2270	4.41	
Syrian Region United Arab Rep.	Pound	Free	.2770	3.61	
Thailand	Baht	Free	.04675	21.39	(7)
Turkey	Lira		.1081	9.25	
Union of South Africa	Pound		2.7250	.3670	
United Kingdom	Pound		2.7250	.3670	
United States	Dollar		.9728125	1.02795	
Uruguay	Peso	Free	.1340	7.4627	
		Basic buying	.6405	1.5614	(7)
		Principal selling	.4633	2.1584	
Venezuela	Bolivar		.2904	3.44	
West Indies Fed.	Dollar		.5675	1.76	(9)
	Pound		2.7250	.3670	(10)
Yugoslavia	Dinar		.003242	308.45	(7)

*Latest available quotation date.

notes

1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Brazil: exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product.
3. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 200 per cent, depending on product, prior to shipment of goods.
4. France: territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
5. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
6. New Caledonia, New Hebrides, Oceania.
7. Additional rates are in effect.
8. Portugal: approximately same rate for Portuguese territories in Africa.
9. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
10. Jamaica.



Businessman's Bookshelf

Loans at Work

International Bank for Reconstruction and Development. 36 pages. Free.

THIS report of the $3.5 billion loan-assisted undertakings in World Bank countries makes no attempt at a complete survey of developments since the Bank was established twelve years ago; it covers only 20 of the 67 member nations but, without exception, tells a short, interesting story about principal projects in each of these countries. There is the gigantic Kariba Dam in Rhodesia, the 150-thousand-kilowatt Tanagawa power dam in Japan, the $47 million highway in the formidable mountains of Colombia, and the wide-range irrigation and land-reclamation scheme in southern Italy. The photographs in the book are first rate; the text and maps are packed with information.

Order from: International Bank for Reconstruction and Development, 1818 H Street, N.W., Washington 25, D.C.

Financing Foreign Trade

The Royal Bank of Canada. 150 pages. Free.

CANADA'S foreign trade reached a total value of $10.6 billion in 1957 (15 per cent of gross national product) and we did business with roughly 130 countries and colonies. Trade remains of vital importance to our economy. In these circumstances, a brief and readable explanation of the methods of financing foreign trade and of the workings of foreign exchange operations is of vital interest, particularly to Canadian exporters and importers. The new edition of this useful booklet therefore fills a real need.

The booklet was originally written by Graham Towers (former Governor of the Bank of Canada) in 1921 but has now been completely revised. For the businessman engaging in export for the first time it provides particularly lucid chapters on the bill of exchange and the commercial letter of credit in external trade. These chapters and the section dealing with documentation give blank specimens of the documents discussed. Other chapters deal with the workings of the money market and foreign exchange operations.

Financing Foreign Trade is only intended as a brief introduction to the field and Canadian businessmen should not expect to find in it all the answers to their export-import problems. For example, there are only a few hints on working out export prices and nothing at all on how the Canadian Export Credits Insurance Corporation operates. For those who want to delve farther into the subject however, there is a brief and selective bibliography.

Order from: The Royal Bank of Canada, 360 St. James Street West, Montreal, Quebec.

Northern Rhodesia 1956

Nyasaland 1957

Colonial Office Reports, 114 pages and 150 pages. $0.77 and $1.04 postpaid.

STATISTICAL data about Africa, though slow in being assembled, are beginning to form a large and authoritative body of facts from which businessmen can draw meaningful conclusions about resources and potential. In the Federation of Rhodesia and Nyasaland, one of these young countries with vast untapped resources, experts predict that Canadians can win in 1958 a more significant share of the market in spite of the current foreign exchange shortage which has forced the Government to curb overseas buying (*Foreign Trade*, May 24, 1958). Details which can help individual businessmen interested in this country are perhaps best obtained from personal visits, but these Colonial Office reports complete with photographs and large-scale maps should help in a sober assessment, devoid as they are of the enthusiastic prose of the promotion piece.

Order from: United Kingdom Information Office, 119 Adelaide Street West, Toronto, Ontario.

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